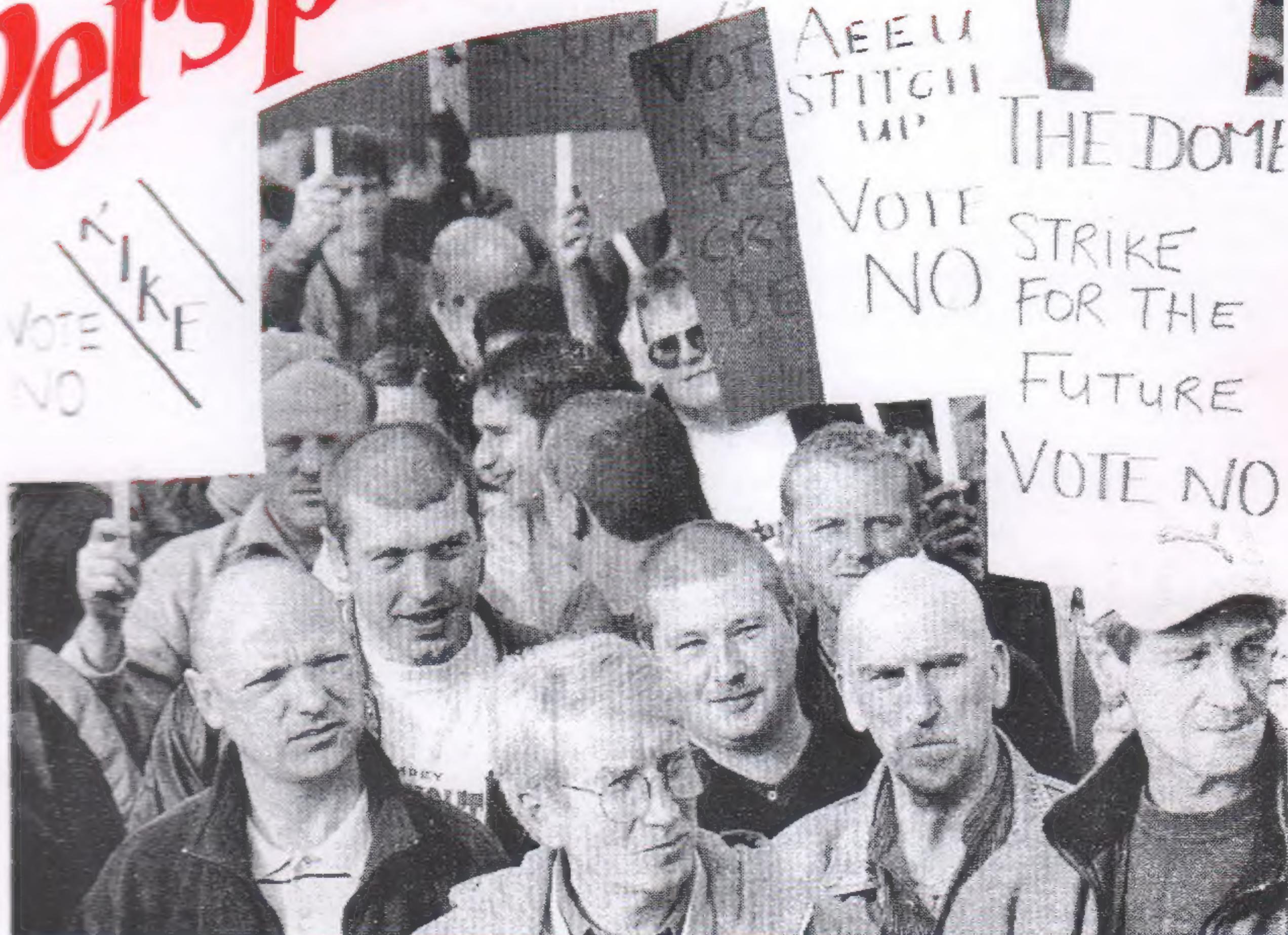


Revolutionary Perspectives



Is the Class War Over?

Strikes at Ford
Electricians' Strikes
The Disaster is Capitalism
Stalemate in Northern Ireland
East Timor
Barbarism in the Caucasus
Mass Strike in Colombia
Sylvia Pankhurst
Iran • China

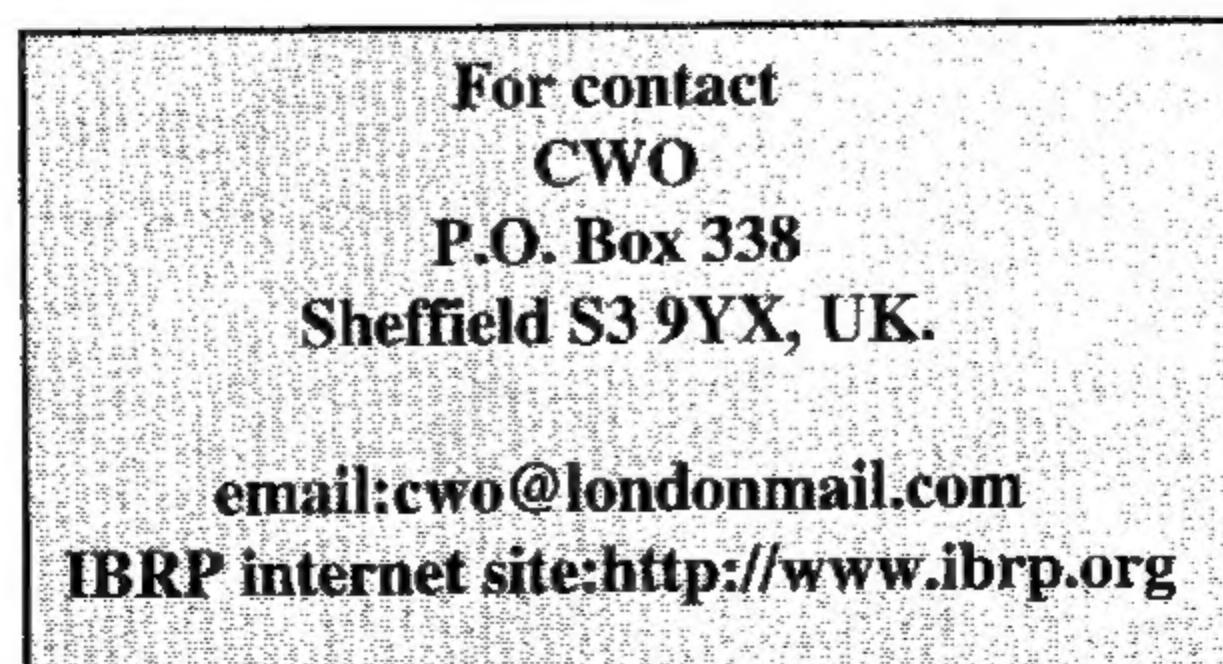
Revolutionary Perspectives
Quarterly Magazine of the Communist Workers Organisation
British Affiliate of the International Bureau for the Revolutionary Party
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Contents

Is the Class War Over?	1
Sparks of Hope? The Electricians' Strikes	2
The Biggest Disaster is Capitalism	5
Stalemate in Northern Ireland	6
East Timor —Another Pawn of Imperialism	8
Barbarism in the Caucasus	11
Mass Strike in Colombia	13
The Wages System is Legalised Robbery	14
Iran From a Revolutionary Perspective	15
Whither China?	18
Sylvia Pankhurst, Labour and SWP Falsify History	22
Capitalism or Communism for Russia; from <i>Workers Dreadnought</i> 1924	24
Letters on Rosa Luxemburg's Economics	25

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Is the Class War Over?

Ford and Postal Workers Give Their Answer!

So, "The class war is over". Blair's latest utterance at the Labour Party Conference dispelled any lingering illusions that this was a gathering of any but the most dedicated defenders of capitalism. Blair, of course, meant that the class war was not only over but that it had been won by the capitalist class. The task of the Labour Party has been completed. After a century of fooling workers into voting for it they can throw off the mask. They can openly proclaim what they have stood for all along — defenders of the British capitalist state and its imperialist interests. It was the Labour Party (and the trades unions) in 1914 who rallied to the defence of "King and Country" agreeing no-strike deals and supporting the war effort. It was the Labour Party who saved British capitalism in 1945. Then they bought off the working class in the name of "socialism" by setting up a "welfare state" (paid for by us) and nationalising bankrupt industries (generously compensating the capitalists who owned them of course). And it was the same Labour Party which used troops to break strikes 14 times after 1945. Blair is therefore not an aberration — he is the natural outcome of the entire history of the British Labour Party and its so-called Labour Movement, including the trades unions.

Trotskyism and Labour

The fact that Labour is currently spending less in real terms on health and education than Thatcher did, is attacking the basic living standards of pensioners and the jobless through benefit cuts and pension freezes and is encouraging racism through its attacks on travellers and refugees seeking political asylum comes as no surprise to internationalists. We warned in 1997 that voting Labour was just the same as voting Tory. OK, it wasn't too difficult to spot this. But then all the Trotskyist so-called "revolutionaries" with their superior wisdom about the "dialectics of struggle" were telling us that voting Labour would expose it as anti-working class. This they argued would then open up the way for a struggle for socialism. All this shows is that the Trotskyists are simply cheerleaders

for the Labour Party. Real revolutionaries know that the Trotskyists are simply the left-wing of Labour and the Labour Party is a bosses' party. Socialism can only come when the mass of the working class consciously organise and struggle for it themselves. This is why revolutionaries have to openly proclaim what they are fighting for. Socialism cannot be "built" by telling people one thing one day (Vote Labour) and another thing the next (Told you so!) The role of revolutionaries is to develop the consciousness of the working class. It is not to act like another bunch of power-hungry politicians who seek office at any cost. This is why Trotskyism (of whatever variety) stands outside our definition of "revolutionary".

Is the Class War Really Over?

Blair's arrogance has some material justification. In the 1998 there were only about 160 strikes. According to the official statistics this is the lowest since 1891 (when they say records were first kept). And there is no doubt that working conditions are getting worse. Even where Labour claims to have done something for the working class, such as in the minimum wage, the results have been less than startling. Whilst cleaners working for a local authority may have seen some improvements, cleaners working for private contract firms have been told their hours would be cut to make up the cost of raising the wages. They would still have to achieve the same "targets" set by the management but in less time. Some workers in the tailoring, hairdressing and cleaning sectors have been sacked simply for asking about the minimum wage. Others, like security guards, are worse off with the minimum wage because their firm has simply cut their overtime rates. In other places whenever workers have got higher wages they have lost insurance benefits, holiday rights and other rights that they had previously had. The truth is that wherever we look the Labour Government's promise in opposition to create a "high skill, high wage economy" is just a joke. The class struggle has not gone away in the slightest.

The problem is that the working class are currently losing it. The gulf between the richest capitalists and the poorest workers is expanding faster than at any time this century.

There is no shortage of class anger but many workers feel vulnerable and isolated. Most still feel the threat of losing their job. At the present time most resistance takes the petty form of sabotage (such as workers in call centres deliberately giving free services to otherwise ripped-off customers). But there are signs things are beginning to change. Workers are beginning to recognise that whatever happens they have nothing to lose by fighting, and by striking, for better conditions. No sooner had Blair uttered his end-of-the-class-war decree than the electricians were giving us a great example of what class solidarity can achieve (see article on page 3). Some might argue that they are a special case because they are spearheaded by the sparks working on millennium projects which the government wants to get finished so they have more clout.

Ford Workers at Dagenham Strike Against Management Racism and Bullying

But this hardly applies to Ford workers at Dagenham or postal workers in Scotland. The Ford workers are currently on short-time and are threatened by a Ford pull-out (despite the fact that they produce the same number of cars as they did twenty years ago with one third of the workforce). Yet there have been a number of struggles at Ford's Dagenham plant over the last few months. In mid-September the night shift who only do routine maintenance rioted after being asked to do extra work because production had been halted during the day. 50 Fiestas were trashed in this incident.

More heartening has been the spontaneous strikes over the racism and brutality of Ford foremen. On Tuesday October 5th there was a wildcat strike in the Paint, Trim and Assembly plant(PTA) which cost 1,200 vehicles in lost production. This was followed by another

wildcat on the Thursday of the same week. The issue was the racist and brutal actions of Ford foremen. Two weeks prior to the walkouts Sukhjit Parma, a Ford engine plant worker won his case that he had been subject to four years of racist harassment. The publicity for this decision alerted workers in the PTA plant who did not know about it before. When a foreman in the PTA shoved an Asian-origin shop steward this triggered the wildcat. These strikes are all the more heartening because workers of all ethnic origins are united against the racism and the bullying. Class loyalty has transcended the divisions the capitalists normally play on. The strikes have been all the more encouraging because they come at time when Jack Straw, the Labour Party Home Secretary has been whipping up xenophobia by his comments about asylum seekers. These have given a green light to the police, the immigration bodies and racist nutters out there in general to victimise any non-white they like. Attacks by racists and

harassment by the police have undoubtedly increased in the last few months.

But if the workers are not conned by racist ideology capitalism has many more weapons in its arsenal. The unions have not been slow to demonstrate their role in the capitalist line-up. Both the TGWU and the AEEU stepped in to organise mass meetings where the workers were invited to vote ... for a ballot on possible future strike action! Here the unions are showing how they use the state's anti-strike legislation to control the working class. Not only did they hold the mass meetings on the Friday (when no cars are produced due to the short-time working) but they have further given the bosses a breathing space. It will take four weeks to organise a ballot (bringing the whole strike issue nearer to the Christmas period) and by this time

Ford is hoping to have cooled tempers at the plant.

The Guardian 9.10.99

The Working Class Will Not Go Away

In the same week as the Ford wildcats 3,000 postal workers went on "unofficial" strike in the Lothian area. Here the issue was again a question of work load (delivery of junk mail etc.). When a postie, who refused to deliver it when management demanded, was sacked, the other workers walked out. This again was not an isolated incident as the postal service is stepping up its demands on the workforce (with the constant threat of privatisation and the loss of jobs being used as a stick). But this is becoming an increasingly empty threat and postal workers, like workers everywhere are now realising that "enough is too much". We need more struggles in this vein to halt the bosses' offensive against us. The class war is certainly not over as every worker attacked by worse and worse exploitation knows. The answer to Blair's triumphalism is to step up our collective resistance.

Sparks of Hope? The Electricians' Strikes

Let's start with a quiz. Who said the following and of whom? "Bloody stupid", "Greedy", and "exploiting their position".

Tony Blair on the "fat cats" of British boardrooms who award themselves six and seven figure annual salaries perhaps? If you said the Sun, the Financial Times and the Independent on the electricians who went on strike in September you are nearer the mark since they all used those words. But then most of them were actually quoting Sir Ken Jackson, General Secretary of the Amalgamated Engineering and Electricians Union (or AEEU), the very union to which the electricians belong.

In truth that mid-September week was more than a touch embarrassing for Sir Ken. Knighted by Blair only four months ago for his loyal support for New Labour he did his bit to demonstrate his gratitude at the TUC Conference. In the

debate on the NATO bombings of Iraq and Kosovo he announced that

I make no apology for what happened in Iraq and Kosovo

The poor deluded man obviously also thinks he is Secretary-General of NATO! However it was his own members who embarrassed him more than the TUC (which duly supported the NATO bombings, to no-one's surprise). Sir Ken had earlier called for a "strike-free Britain" and a partnership with the bosses. He told the TUC

We are on the right road leading to a society without strikes. Workers want jobs not strikes.

Workers also want a decent standard of living. Something the capitalist system has been doing more to undermine in the last twenty years than at any time since the Second World War. And the trades unions have been an integral part of implementing those attacks on workers' interests.

The recent electricians strikes make the point. For weeks electricians have been taking illegal strike action against a union deal which whilst giving higher headline pay figures actually leaves most workers worse off. Under the original offer their hourly rate would rise from £7.42 to £8.92 by the end of 2001 but weekend overtime rates would be abolished (in other words they would have to work at the weekend for the same pay), and travel allowances would be scrapped. Of course, the tabloids (as well as the so-called "quality" papers) have tried to make out that the electricians are simply a privileged bunch who are just particularly greedy. This was the same tactic the ruling class and their media used in the Seventies and Eighties against workers in construction, power stations, mines, car assembly plants and other engineering jobs. Exaggerated figures about earnings in six figures a year or that the "sparks" on the Jubilee Line get £350 a day have been common in the



Sparks in London taking on the bosses, the unions and the law

press. In reality most electricians don't take home £300 a week. This is why they see that the offer negotiated by Sir Ken and the AEEU stinks. This is why their wildeat strikes have been as much against the unions as against the management. On September 21st (and again on September 29th) an estimated 8,000 electricians throughout Britain downed tools, including those working on the Millennium Dome, the Jubilee Line and the Royal Opera House. In London 500 marched on the headquarters of the Electrical Contracting Association where they not only condemned the bosses but also the union which had not consulted them about the new deal. Ken Jackson denounced them as "bloody stupid" but the result was that the ECA and AUEE got together once again to raise gross pay from 27% to 30%. Once again the AUEE has not asked its members before announcing its acceptance of the new deal.

What the Electricians' Strikes Show

The struggle against the AEEU has not come from nowhere. Last November electricians on the Jubilee Line took unofficial action, producing their own strike bulletin called "Flying Sparks". This revealed that the electrical workers who began on the Jubilee Line Extension in February 1996 formed themselves into a branch of the AEEU and elected a shop steward. But then they also decided to pay two sets of dues. One to the AEEU (£1.35p per

week) and a further £2 a week into what they called "The Shop", a rank and file body opposed by the AEEU officials. Originally the payment was to cover for the fact that there was no sick pay in their contract (This is Britain in the last months of the 1990s after all!). The fund has grown to be a hardship fund which can also support strikes - and not just their own. In 1998 £1000 was sent to striking electricians in Wigan and £300 was given to a rank and file Rail Support group (which then donated money to the Jubilee Line workers when they were on strike in November 1998). As "Flying Sparks" themselves commented "Great camaraderie, eh!"

This solidarity has already had enormous practical success. In April 1997 the entire Shop Committee plus 6 other electricians were sacked from the Jubilee Line extension by their bosses, the electrical sub-contractors, Drake and Scull. This led to an immediate and obviously illegal walkout which was condemned by the AEEU (as they have done with every walkout in the last three years). All 200 electrical workers were sacked so they picketed out (again contrary to the law) every other site in London for a week. The result was that the bosses caved in and they were all reinstated. This led to a series of minor victories in securing safer working conditions. As a response to this the government brought in a so-called "union-busting" firm from the USA called Bechtel with instructions to get the Jubilee Line built by December 1999

whatever it takes in terms of safety cuts. This led to the famous confrontation of last November at London Bridge and is behind the simmering discontent today.

In the November dispute the "Flying Sparks" bulletin wrote

We do not believe this is an attack on the AEEU officials. the General Secretary (then plain Mr. Ken Jackson - CWO) of the AEEU seems to prefer to talk to managers than those who pay his wages - us lot. This attack against the rank and file Shop at London Bridge, the biggest of the London sites, is the first salvo against the whole Shop spread over 15 sites in inner-London.

We electricians and plumbers are proudly sticking together. We welcome all those workers and others who want to join our picket lines and rubbish totally all the crap lies in the press and all the 'red-scare' stories spread by the lie-machines. We recognise the need to link up with other disputes and to get support from the whole trade union and labour movement.

It was such solidarity that enabled the workers to once again fight off the worst of the bosses attacks. After twenty years of total retreat it was heart-warming to see the capitalist class halted, however temporarily. We should give the electricians all the support we can and encourage further solidarity between groups of workers everywhere.

The most important points about the electricians so far has been their demonstration of a sophisticated degree of self-organisation. They are well aware that the so-called anti-union laws actually are intended to give the AEEU and Sir Ken Jackson total power to prevent the calling of strikes. Ballots take time and also weaken class solidarity. A secret ballot means the worker is isolated from other workers and more subject to media and immediate financial pressure. Mass meetings allow for discussion and collective voting. This is the backbone of class solidarity and this is what the state will not allow. It wants the unions to police all strike votes through the secret ballot. The sparks' simple solution to these laws was to defy them and to force the government to try to apply them. Workers everywhere should note that the Government have never dared to raise the issue. Obviously the sparks

have a privileged position (particularly on the big sites in London). The bosses cut most training and nearly all apprenticeship programmes twenty years ago. The result is a shortage of electricians at a time when the deadline for the stupid Millennium projects is fast approaching. But the electricians have also not seen their struggles as just about "their sector". They have attempted concretely to support other workers which possibly explains the vehemence of the bosses' media lies in trying to portray them as an "aristocracy of labour".

Obviously there is much we disagree with in the way they formulate issues. After all their experience of the AEEU lining up with the bosses against them they might have concluded that only rank and file bodies outside the established unions can actually promote class interests. The stupid Trotskyist idea that all the unions need is a change of leadership has now been discredited generation after generation. Remember past leaders of the electricians union? Eric Hammond and Frank Chapple were elected as Communists (not real communists - Stalinists of the CPGB) but both moved to support the governments of the day against striking workers. Chapple even ended up as a cross-bench MP in the House of Lords! The truth is that unions started as organisations of workers' defence financed directly by the workers, sometimes acting illegally.

Today that role has been irretrievably abandoned. Now they are firmly embedded in the bosses' structures with the members funds being siphoned into pension funds and other financial institutions. Any cash released back to

the shopfloor is used only to keep control of struggles which might otherwise get "out of control". The union in the end always confines "disputes" to the limits of the capitalist order. It certainly doesn't support workers acting collectively in any sense. As the Shop found in London they had to start their own funds in order to first ensure some support in the case of injury and then as hardship support during strikes. This is a lesson to workers everywhere.

Funds are an immediate material necessity but they are not enough on their own. What is also needed is a degree of self-organisation which involves everyone in the struggle and which seek to find ways of creating the widest possible solidarity within the working class. The sparks, for all the use of traditional trade union language have begun to show how that can practically be done.

The Class War Goes On

Lastly let's look at the question of what we are struggling for. The last electricians strike was on the very day that Blair announced to the Labour Party Conference that "the class war is over". With strikes last year down to 166, the lowest since 1891 Blair wanted to hammer home the message that workers have given up. Whilst the ruling class may have had the whip hand for some years the electricians have already done enough to expose Blair's boast as a hollow lie. The class struggle can never go away so long as capitalism continues to drive workers further and further into poverty. However the electricians strikes are as yet only a sign that the tide

is beginning to turn. Already too the left wing of capital are trying to manoeuvre the unions back into the role of policemen on the shopfloor.

On top of this we have also to ask "what is the working class ultimately fighting for?" The Flying Sparks spoke of "red-scare stories spread by the lie machines". The struggle for better working conditions will never be won so long as the capitalists are allowed to take the surplus value we produce, pay us whatever wage they can get away with and then use the profits to bomb workers wherever they like or destroy their livelihoods in more subtle ways. The last decade has shown that we have not reached "the end of history". The collapse of the Soviet Union was not the collapse of communism but the end of a tyrannical Stalinist monstrosity under which more communists were killed than Hitler ever managed. Genocide remains the capitalist norm as we pass into the next millennium. As Marx said over a century ago however militantly we fight, ultimately we will always find ourselves facing new exploitation unless we turn the trades union slogan of "A fair days pay for a fair day's work" into the communist slogan of "abolition of the wages system"

It is time to turn capitalist nightmares about "red-scares" into a socialist reality. The electricians have offered us another glimmer of hope that our class is still capable of preventing capitalism from taking us down the road to barbarism

AD

Our Basic Positions

exist without the forcible overthrow and keeping down of the capitalist class worldwide.

3. The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the promotion of world revolution.

4. The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in

Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.

5. The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve - the freeing of the workers of the world and the establishment of communism. Join us!

From Turkey, Taiwan and Tokaimura ... to Paddington

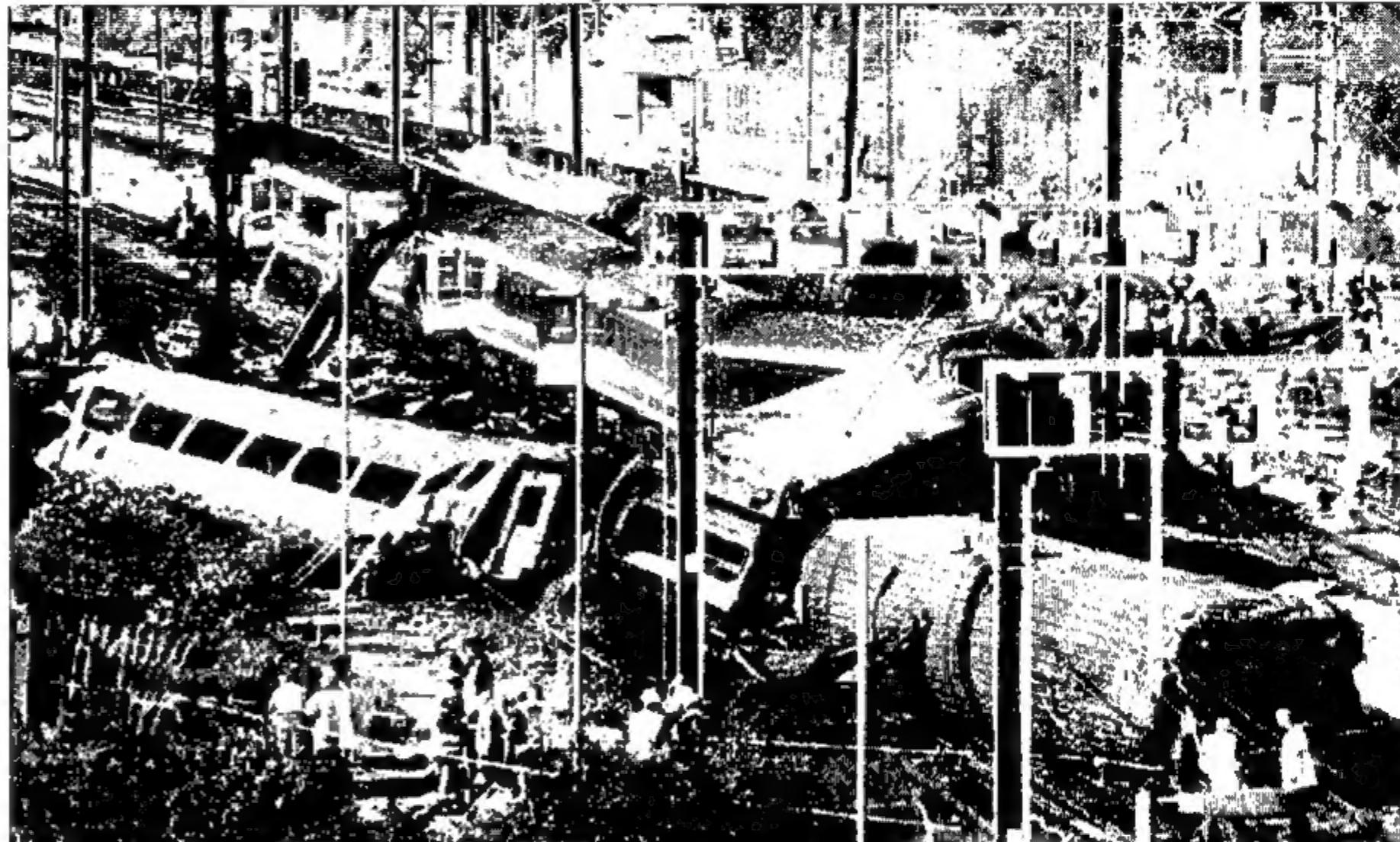
The Biggest Disaster is Capitalism

Accidents in human affairs may always be with us. But the fault lines of the world's earthquake zones are not as glaring as the faultlines of irrationality in the capitalist system. The earthquakes in Turkey, Greece and Taiwan over the summer may have had natural causes but the death toll in every case was increased by the unnatural activities of the capitalist system. In Turkey thousand year old mosques stood up whilst thousand year old flats collapsed killing up to 50,000 people. The intervention in both cases was human rather than divine. Whilst the old buildings have been built to last the new ones were shoddily built to increase the builders' profits. The same thing happened in Taiwan where the buildings that collapsed did so because the concrete was "reinforced" with old tin cans.

In Turkey the greed of the property speculators was matched only by the indifference of the state. In a country which has a quarter of a million strong army there is no earthquake rescue brigade. There is not even a single sniffer dog team despite the fact that the country sits on the Anatolian fault, one of the most active earthquake faultlines in the world. The response of the "international community" also gave a revealing view of the new world order where history ended ten years ago. The British Government which was spending £2.5 million a day bombing Serbia a few weeks earlier sent £250,000 worth of aid. Even though the material aid was so stingy the US and EU were still competing to pose as Turkey's most reliable ally. Turkey is firmly entrenched in the US camp at the moment but strenuous efforts were made by the Europeans to be seen to be doing more than the US (which was not all that much) for the earthquake victims. The German Government forced Greece to drop its permanent veto on Turkey's application for membership of the EU. The fiction was that the earthquake in Athens had united the two countries in grief.

Nuclear Hara-Kiri

Since the discovery of farming 10,000 years ago human beings have increased their control over their natural environments. In the last three hundred years



the productive power of capitalism has further offered the opportunity for humanity to create a rational order in tune with nature. Instead we have seen an increase in pollution which threatens the lives not only of endangered species but ultimately of the planet. This is because capitalism is a fundamentally irrational system in which profit for a few is obtained at the expense of the many who labour to create all the goods produced in society. Nothing has so far been more irrational than the history of nuclear power. Once touted as a safe and cheap way to produce electricity we now know that this is a lie. Nuclear power is the most heavily subsidised form of power generation on earth and its main function has been to provide a front for the proliferation of nuclear weapons.

As for Tokaimura in Japan we will not get the full story for years about what we have been told is the third-worst nuclear accident in history. As it was the disaster was magnified by the inaction of JCO, the company operating the nuclear facil-

ties. They allowed a nuclear reaction of material about half that of the Chernobyl disaster to leak into the open air (Tokaimura was built with no protective shield in 1983 because the company said no such accident was possible) for an hour before informing the local authori-

ties. It turned out that the accident had occurred because they had instructed workers to ignore basic safety procedures

We knew this practice was illegal but it is faster

said a company spokesman. He could not have been expressing the logic of capitalism better. As it is 49 workers have been subject to life-threatening doses of radiation and the surrounding highly-populated area was covered with radiation 15,000 times higher than normal for twenty hours.

The Paddington Rail Disaster

Eleven years ago the enquiry into the Clapham Rail disaster in which 35 people died recommended the introduction of an automatic train protection (ATP) system. ATP automatically stops any train going through a red light. Had it been adopted the sixty or seventy people now believed immolated in the horror crash just outside Paddington station on October 5th might still be alive. British

continued on p.17

Revolutionary Perspectives 5

Statement in Northern Ireland

Unionism Stalls Anglo-US Scheme

For several years we have understood that the key to the political machinations in Northern Ireland is the essential convergence in interests between U.S. and British Imperialism.

The central features of that convergence are:

- The preparedness of the British bourgeoisie to abandon the state structures established in the early 1920s.
- The desire to demilitarise the situation and to "normalise" investment opportunities in an area of low wages and a divided working class heavily imbued with varieties of bourgeois ideology.
- The absence of any significant imperialist power with the desire or ability to manoeuvre against the U.S.A./ Britain in the area.
- The co-option of the bourgeoisie in the Irish Republic into the process.
- The full agreement of the main Loyalist terrorist organisations—unsurprising given their links to the British state—to support the imperialist "peace" process.

However, impeding the fulfilment of the US-British plan is the fact that significant bourgeois factions within Northern Ireland do not identify with it. It is precisely the tension between the needs of imperialism and the historically developed ideology of Ulster Unionism that is the main obstacle to the smooth achievement of the Clinton-Blair project. This is the background to David Trimble slipping to within a fraction of the same fate that befell O'Neill, Chichester-Clarke and Faulkner¹ during the late 1960s and early 1970s.

To avoid any doubt let's be more explicit. The Unionists, a major local fraction of the bourgeoisie, are holding up a political project sponsored by the world's leading imperialist power. Those elements of the Unionist Party who were

most prepared to adapt to the Anglo-American plan appear increasingly isolated and beleaguered. Two questions arise: How has this situation arisen? And how does this situation fit in to our understanding of the current phase of imperialism?

The Historical Background

The economic rationale behind the Orange Unionist movement was the link between the advanced capitalist industries in the North East of Ireland e.g. shipbuilding, textiles and engineering and their markets in Britain and the British Empire.

- The division of Ireland was a success for those sections of capital who were dependent on that link.
- The retention of British political and military control in the six-county state continued to serve the interests of British imperialism during the Second World War.
- By the 1960s the economic relationships between Britain and the two portions of Ireland were changing—the old Imperial links were dying and the Irish Republic had also made limited economic advance during the post-war reconstruction period.
- The simultaneous accession of Ireland and the UK into the EEC marked a fresh stage in the realignment of the economic and political relationships.
- The increasing relative prosperity of Ireland within the EU coupled with the final collapse of the Belfast-centred heavy industrial capital base saw the end of the economic rationale for the N. Ireland state.
- The drive to "normalise" the social antagonisms in N. Ireland are part of a drive to increase investment opportunities.
- The moves towards the "new political dispensation" are assisted by the reorganisation of national, sub-national and transnational state functions within

the EU

- All factions are aware of the demographic trend pointing to a Catholic majority in Northern Ireland in the next 10-15 years
- The project in Northern Ireland is a reflection of British imperialism's position straddling between the European Union and its links with the USA

The Unionist Paradox

The Unionist Party bases itself on the symbols, totems and language which distinguished those committed to maintaining the link with Great Britain. For generations its followers have maintained and reinforced the need for a continuing state link with Britain as a cornerstone of their ideology. That ideology was in turn continually reinforced by the Northern Ireland political institutions, particularly during the existence of the Northern Irish Parliament. At the core of imperialism's dilemma lies the fact that it no longer needs the Orange ideology but ideological movements nurtured for nearly two centuries cannot be conjured away at the whim of the bourgeoisie.

The Clinton-Blair initiative succeeded in driving heavy wedges into the Unionist structures with the Trimble faction becoming increasingly trapped in the machinations. The imperialist axis has invested enormous political capital in co-opting the official Unionist Party leadership into the project.

The strength of those efforts has produced significant effects. The majority of the political factions linked to the Loyalist militias continue to support the project—a clear sign of their living links with the British state. Trimble himself has been able to maintain his position whilst being embroiled in a political process which no previous Unionist leader would have

survived. The civil disobedience around Drumcree and the other flashpoints have in no way approached the scale of the movement which destroyed the Sunningdale power-sharing Executive in 1974. Without the use of the militias as his auxiliaries, the outright rejectionist Paisley of the Ulster Democratic Party, is unable to recreate the UWC strike or even the mass street protests which were generated against the Hillsborough agreement.

Although Trimble appears increasingly isolated neither he nor the project is finished yet. Senator Mitchell has reappeared to remind all concerned that the real decision makers still back the process. General war-weariness still means that any force seen to relaunch a major bombing or shooting campaign would be taking enormous risks. With Mowlam still in position Blair retains a very obvious sacrificial lamb to offer to the Unionists at a later date.

The predictable refusal of the Republicans to disarm will continue to provide arguments for the "rejectionist" Unionists but at present pressure from above still holds them in line. We do not know the precise nature of the threats or promises made by Mitchell on his renewed visits to Ireland. Neither do we know the details of the Glasgow Conference of Unionist politicians held in September. It appears, though, that the rejectionist Unionists have again stepped back from the brink. Not even the unpalatable elements of the Patten report on policing has (at the time of writing) forced them over the edge.

Mowlam, far from being presented as a politician whose project is about to collapse, was given a high profile around the Labour Party Conference. Halifax plc remains committed to its recently announced investment for a "normalised" low-wage economy—yet another call centre. Anglo-American imperialism's project remains on track as 1999 draws to a close.

Ireland's Pax Americana²

We have already outlined the historical background whereby the economic rationale for the 1920s political settlement has slipped away. However, under imperialism, economic rationales do not always instantly, or directly transform into strategic possibilities. Conditions

need to be quantitatively transformed to allow change to be implemented. Not least, as we have seen with the Northern Ireland Unionists, strands of ideology need to "change from within" or else "be changed from without with a vengeance".³

The IRA and the republican National Liberationists remained a serious annoyance to imperialist order so long as the world was divided between the American and Russian-led rival imperialist blocs. The emasculation of the latter during the 1980s followed by its collapse at the end of that decade meant that the Republicans' aspirations—up to and including a realignment of state structures—could be accommodated. That possibility was desirable for the Imperialist masters because it drew the Republican forces back into their control and also reflected the current needs of capital.

Britain (and its Irish junior partners) remains in an essentially ambivalent position between American power and the requirement to develop an integrated European (necessarily German led) economic power. The attempt to sit on that fence is shown by the British refusal to sign up to the Euro while the Irish

Republic, with greater net beneficiaries from European agricultural subsidies and Regional grants, has joined Euroland.

Northern Ireland is a pawn in a far bigger game. Its destiny under imperialism is to be one of the points of entry for American investment and influence within the European Union. The outdated Unionist resistance clinging to forms and relationships which no longer harmonise with the needs of imperialism will be swept aside—only the timescale is in doubt.

Footnotes

1 Ulster Unionist leaders and Prime Ministers of Northern Ireland during the late 1960s and early 1970s

2 Ancient historians referred to the subjection of other peoples by the Roman Empire as "Pax Romana" - the Roman peace. The early phase of modern imperialism saw British power impose its "Pax Britannica". Since the collapse of the Russian bloc we have used the term "Pax Americana", as an ironic way to describe the gradual slip towards barbarism as America attempts to impose its global will against any and all potential challengers. The "new dispensation" in Ireland is part of that process.

3 Remarks made by a commentator on the old Royalist regime in France as conditions moved towards the bourgeois revolution of 1789.

Other Publications of the International Bureau for the Revolutionary Party

CWO Pamphlets

Socialism or Barbarism
An Introduction to the Politics of the CWO
£2

South Africa - The Last Fifteen Years
A compendium of articles predicting the current situation in South Africa from *Workers Voice* since 1980
£3

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CWO Pamphlet No.5
Platform of The Committee of Intesa 1925
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Trotsky and Trotskyism
£2

East Timor

Another Pawn Of Imperialism

East Timor is now lost to Indonesia and will, within a few years, become a separate state. For the Indonesian ruling class the loss of what was called their "27th Province" has created a severe crisis and weakened the position of the military. It has also raised the spectre of other areas of Indonesia, such as Irian Jaya and Aceh, taking the road to independence and the break-up of the republic as it exists today. For the Indonesian ruling class the speed of events has been bewilderingly rapid. The suggestion of East Timorese autonomy within the Indonesian republic was only floated in January yet the following months saw this transformed into the prospect of a referendum on independence which, despite repeated postponements, was held at the end of August. Now, barely a month later, UN forces are in control of the territory and the Indonesian army in ignominious retreat. These events come at the end of 24 long years of barbaric repression which followed Indonesia's annexation of the territory in 1976. During these years the US, Britain, Australia and other countries of what was then western imperialism, have supported, armed and trained the Indonesian military and watched, without the slightest concern, while the soldiers they had trained used the weapons they had supplied to butcher at least 200 000 East Timorese. Since the 1975 invasion 1/3 of the population of East Timor has been killed by the Indonesian armed forces yet the ruling classes of the west have never breathed a word about it. However after the referendum, when the military continued this slaughter, but, we should note, on a much reduced scale, since today's dead were only numbered in hundreds, we hear howls of indignation and see torrents of tears shed for the human rights of the East Timorese.

Sections of the Indonesian bourgeoisie have simply been unable to grasp that there has really been a reversal in the position of the US and it is this which underlies the western hypocrisy to which they are subjected. They have, like Saddam Hussein, refused to believe that their former ally could turn on them. Undoubtedly the military thought that by using their militias they could create mayhem in East Timor and provoke a resumption of the war with the remnants of the guerrilla movement "FALINTIL" (the armed wing of the independence movement FRETILIN). This, they hoped, would enable a new offensive to be carried out and the result of the referendum would soon be forgotten and western support restored. In this they have gravely miscalculated and ignored clear signals sent by US imperialism since the fall of general Suharto in May 1998.

Since the present crisis started in August the US has sent its orders to the Jakarta regime through its senior representatives and issued open threats if these orders were not carried out. In early September the head of the US forces in the pacific, Admiral Blair, was sent to Jakarta and bluntly told the military to stop organising the carnage in East Timor and to accept an UN force. He threatened to sever military relations between the US and Indonesia if his instructions were not obeyed. In fact, military relations were broken off a few days later, and it was only the intervention of president Clinton himself, at the Apec summit in New Zealand in mid September, which convinced the Jakarta leaders that they must accept a UN force. After the arrival of the UN force, the military's attempts to use the militias to threaten that force, and to hold the 200 000 refugees in West Timor as hostages provoked a new top level US visit, this time from Cohen, the

US secretary of defence. He told the Jakarta government to control the militias and to let the refugees return. Failure to comply with these dictates would, he announced, lead to a halting of IMF loans and a new threat to the currency. It has since been announced that refugees are to be free to return.

It is clear that, barely a month after the referendum, East Timor has irrevocably entered a path which will lead to separate statehood. Behind all these developments, the hand of US imperialism is clearly visible. It is also clear, as the confusion in Jakarta testifies, that we are seeing a reversal of policy on the part of the US. Why has this occurred?

The Changing Needs of US Imperialism

The changing demands of US imperialism throughout the world can only be understood in the context of the changing historical circumstances in which it finds itself. The principal difference between the post war period and the present decade is the absence of the rival imperialist challenge of the Russian imperialist bloc. The present period is one in which rival imperialist groupings opposed to the USA are in the process of formation but are still unable to mount a serious challenge. With the collapse of the Soviet Union in 1990 the enemy which the US had faced since the war disappeared and left the US as the dominant imperialist power in the world. From this position the US has proceeded to reshape the world in accordance with its interests and to impose "Pax Americana" on one area after another. East Timor is the latest item on this agenda.

In the post war period the predominant issue for the US was opposing the Rus-

sian bloc and its clients and its ideology was "anti-communism." In this period we heard little of "democracy" and "human rights" as they were simply too embarrassing. Any dictator who opposed the Soviet Union would get US support if the "bourgeois democracy" had produced a regime sympathetic to Russian imperialism. In South America, Africa, the Middle East and South East Asia military dictatorships were installed by the US. These included Pinochet in Chile, the Shah in Iran and Suharto in Indonesia. The bloodshed which accompanied the installation of these regimes was horrific even by twentieth century standards. During the Indonesian coup which brought Suharto to power in 1965 one million people were butchered, the majority of whom were workers.

Today, however, when there is no threat from the Russian Bloc, the US sees its interests as better served by promoting so-called "democratic" regimes who respect "human rights". In reality, what this means is rule by the "democratic" section of the local bourgeoisie who respect the rights of US capital to exploit the local working class and loot the country's raw materials without hindrance. The democratic ideology of US imperialism is the mask which disguises the real content of Pax Americana that is being imposed in South America, Southern Africa, the Middle East, the Balkans, South East Asia and elsewhere.

The present events in East Timor are a stark illustration of this change and contrast dramatically with what occurred 25 years ago. Then the US encouraged Indonesia to invade East Timor and turned a blind eye to the appalling slaughter which followed. In the two days before the invasion the US president, Ford, and his secretary of state, Kissinger, visited Jakarta and gave the project their blessing. To understand why this occurred it is necessary to briefly recall the historical situation of 1975.

East Timor only exists as a separate region because of the division of the island between the Dutch and the Portuguese during the mercantilist period of capitalism's development in the sixteenth century. Whereas the US ensured that the Dutch did not regain their Indonesian

colonies at the end of the second world war, the Portuguese managed to re-establish their control of East Timor. This control lasted until the collapse of the Portuguese dictatorship in 1974. At this stage the African colonies of Portugal all appeared likely to become Russian clients because of Russian support for the liberation movements. The US, of course, had supported Portugal's wars to retain its colonies through NATO. The US feared that East Timor might also become a Russian client if it became independent. In 1975 the US had just been defeated in Vietnam and was facing an increased Russian naval challenge in both the Indian and Pacific oceans. Although East Timor does apparently have undeveloped oil and gas deposits, it is an economically unimportant region, producing mainly coffee and sandalwood and was of no economic interest to the US. However, the country was in a stra-



A victim of the pro-Indonesian militias. Just one of 300,000 victims of imperialism in East Timor

tegic position, and control of the territory would permit control of the Ombai Wetar Straits. These straits form one of the four main waterways linking the Indian Ocean to the Pacific, and were especially important to the US for the passage of their nuclear submarines since the other routes are either too shallow or, as in the case of the Malacca straits, too crowded with shipping.

Before this became an issue to the US, Indonesia had never, since the founding of the republic in 1945, claimed East Timor. In fact, while pressing its claim to Irian Jaya, (West Papua) in the 60s it had denied any interest in the Portuguese colony. All this, of course, did not matter. Indonesia was the US's client and had to act within the current strategy of US imperialism. East Timor thus be-

came a pawn of imperialism and was annexed to Indonesia.

In all the above Australia was the faithful accomplice of the US and was rewarded for its pains. Australia has regularly trained the Indonesian armed forces, complementing the training supplied by the US. Australia was the only country to recognise the annexation of East Timor in 1976, thereby providing some diplomatic cover for what was going on. Australia's reward for all this came in the form of concessions to oil and gas exploration rights within East Timor and the surrounding seas. These concessions were divided equally between Australia and Indonesia in the infamous "Timor Gap Treaty."

The interests of the US have, however, now changed. East Timor's strategic position is no longer important since the US dominates the whole area. The continuing conflict in the territory, for which the US is directly responsible, calls into question the new ideology of democracy and human rights. This issue was raised by sections of the European bourgeoisie during the US attack on Kosovo. What is now important for the US is to impose peace on the region and open it up to international capital for the exploitation of its resources. The chance for the US to move towards a resolution of the East Timor question came with the Indonesian economic crisis of 1998. This resulted in a shake-up of the ruling elite and gave the US a stranglehold on the country's economy.

The Indonesian Economic Crisis

As explained in *RP 11 "Indonesia - An Open Case of the Global Crisis,"* the Asian economic crisis of 1997 struck Indonesia so severely that her economy was on the brink of collapse and she was about to default on her debts. Other countries in the region were threatened by this, particularly Korea and Japan which respectively held \$23 bn and \$24bn of Indonesian debt. To prevent collapse of the economy and the default on debts, the IMF organised a loan of \$43bn in August 1997. This massive loan which, at the time was the largest loan to a South East Asian country,

though it was soon to be exceeded by that to Korea (\$57bn), came with the usual IMF "Structural Adjustment Programme." Such programmes, which are now in place in 90 indebted countries around the world, mean permanent indebtedness and desperate hardship for the working class from whom the surplus value to pay the interest on the loans is extracted. The loan, however, gave the US an irresistible means of forcing the Indonesian bourgeoisie to do what they wanted. When Suharto failed to stick to the dictates of the Structural Adjustment Programme and attempted, in January 1998, to pass a budget which violated these conditions the US protested. The IMF withheld further tranches of the loan. This led to the collapse of the currency, the Rupiah, which lost 3/4 of its value in a matter of days. Massive increases in unemployment and social unrest and rioting followed. This unrest was, tragically, channelled into inter-ethnic violence leading to pogroms on the local Chinese communities. By May 98 Suharto himself had been removed, the vice president Habibie was installed in power and the terms of the loan complied with. Habibie's weakness, which has been illustrated over East Timor, is simply a reflection of the divisions in the Indonesian bourgeoisie.

The occupation of East Timor and the war there is a steady drain on Indonesian resources which it can ill afford today. The more money wasted in East Timor the less there is to repay the IMF and other international banks. Since the original strategic reasons for the occupation have disappeared, as explained above, it is extremely likely that Habibie was ordered to put East Timor on his agenda. Refusal would have led to further withholding of the loan and collapse of the Rupiah.

An Independent East Timor?

As we have often explained in RP, national independence for peripheral countries is completely impossible today. Indonesia's lack of independence from US imperialism has been illustrated above and any talk of East Timorese independence is ridiculous. Formal independence will change the domination of the country from Indonesia to the US. The reconstruction loans, which are already being discussed, will tie the country to international capital, in

the form of the IMF and other banks, with chains it will never be able to break. These loans will no doubt come with Structural Adjustment Programmes, and demands that the oil and gas rights be auctioned off to the multinational oil barons. The patterns of trade will, of course, be altered though even FRETILIN recognises that Indonesia will remain a major trading partner. Trade with Australia will probably increase and, since she has supplied the bulk of the UN force, she will, no doubt, retain some of the oil and gas concessions previously handed to her by Indonesia.

The region's so called "Independent" status will mean status as a client of the US and the US will not hesitate to intervene if its interests appear threatened.

Outlook for the Working Class

FRETILIN, the independence movement which will almost certainly become the dominant political force in the new state is a bourgeois nationalist organisation. It is fundamentally hostile to the interests of the working class and there is no way that the transition to "Independence" will fundamentally benefit the small East Timorese working class. On the contrary East Timorese workers will be burdened with the rebuilding of the country and repaying the debts to international capital. They will also be isolated from the Indonesian workers by separate statehood.

The Indonesian working class numbers about 90 million and has shown that it is capable of responding in an instinctive but confused way to the attacks to which it was subject in 1998. As elsewhere in the countries of capitalism's periphery price rises in staple foods and unemployment provoke strikes, demonstrations and rioting. The weakening of the Indonesian ruling class described above, makes such action easier and opens the possibility of gains in consciousness. However, as elsewhere in countries torn by economic crisis, the local bourgeoisie is able to divert such movements into nationalism, or racial struggles or religious ferment. All of these are present in Indonesia, and the struggles of 1998 show how easy it is for the rulers to divert instinctive movements into these dead ends. The looting of shops by hungry masses was diverted

from an attack on bourgeois property to an attack on all ethnic Chinese because owners of food shops were often Chinese. This ended in an orgy of burning, raping and killing, all orchestrated by the army. The Islamic movement which is now raising its head poses a similar danger.

The Indonesian working class is potentially a massive power but it is at present dominated by the ideas of its enemy class. It needs to give its struggles a communist direction and reject the traps set by the ruling class. In the longer term world communist revolution is the only thing which will benefit the Indonesian working class and the working class world-wide. Workers in Indonesia who understand the need for a communist world and the need for a communist consciousness amongst the working class if this world is to be achieved, should join together to form a communist minority. The role of such a minority will be to return the lessons of the past to tomorrow's struggles and give them a communist goal. This is the only way forward.

CP

Public Meetings

Newcastle

Poverty and Unemployment –
Is there an Alternative?
Saturday October 30th
2.30 p.m.
Head of Steam Pub
Neville St
(opp. Central Station)

London

Ten Years since the Collapse
of the Berlin Wall – Is
Communism Dead?
Saturday November 13th
2.30 p.m.
Conway Hall
Red Lion Sq.
(Holborn)

Barnsley

Poverty and Unemployment –
Is there an Alternative?
Wednesday December 1st
7.30 p.m.
Victoria Hotel
Sheffield Road

All welcome

Barbarism in the Caucasus

Capitalist crisis massacres our class

In RP14 we commented on the use of mysterious bombings as part of a "strategy of terror". These acts of terror demoralise and confuse the working-class allowing the bourgeoisie a freer hand to increase its apparatus of repression, carry out their attacks on living standards and increasingly step up their moves towards war. Bombs were exploded in London as the "Red Brigades" were conjured back into existence in Italy as the NATO alliance fought the biggest European war since 1945. We do not think these were coincidences — a view confirmed by the fact that the so-called "terrorist" activity ceased once the war was over.

More recently, hundreds of our class sisters and brothers have lost their lives in terrorist outrages in major Russian cities. These bombs, planted by mysterious and unseen hands in workers' apartment blocks, were the sickening backdrop to the war in Dagestan and the next phase of the war in Chechnya. You have to ask if Dagestan/Chechen "terrorists" wanted to plant bombs why they would do it in a way that would mobilise ordinary Russians behind their totally discredited government?

One, not unbelievable theory is that it is part of a plan to ensure that the coming Presidential elections will be cancelled and a state of emergency brought in. Yeltsin staggers (literally and metaphorically) towards this Presidential election as the economic and political structures of capitalism in Russia continue to decay. Prime

Ministers and chosen Presidential successors regularly appear and disappear as the jockeying between the various factions (military, Secret Service and mafia-capital) becomes more and more frenetic. With the IMF (and the USA) becoming increasingly restive about the quantity of dollars disappearing into the Russian black hole the fragmented Russian bourgeoisie has again played the war card.

The Northern Caucasus - an imperialist cockpit

In macabre imitation of their more powerful NATO colleagues in ex-Yugoslavia and Iraq, in September the Russian state



The fire last time. A Russian transport plane burns in Chechnya

launched airborne bombardments in and around Grozny, the Chechen capital. By the start of October, the threats of a major land war were becoming louder and louder with the Chechen regime no longer recognised by Moscow. It is far from certain that a full scale invasion will be, or indeed could be, successful. If the Russians wish to crush the Chechen state militarily it would have to be done before winter sets in. Even if that was achieved the most likely outcome would be a lengthy period of messy and bloody conflict similar to the

last adventure in Chechnya (see *Workers Voice* 76 - still available from our address) and forever reminding the Russian military and political cliques of their Afghan nightmare.

Behind the sabre-rattling and barbarism throughout the Northern Caucasus lies the collapse of the imperialist Soviet Union and the jostling for power between the big powers and their local agents. This is not only a question of the seeking of strategic allies but also involves crucial economic interests as the control of oil and gas pipelines becomes an increasingly urgent issue for the imperialist players. The ongoing factional power struggles in the South of the former Soviet Union are constantly stoked by the struggle for resources. This is

true whether the issues are presented as separatist movements (e.g. Abkhazia) or as "Islamic influence" (e.g. Dagestan) or as straightforward factional bloodletting (e.g. Tajikistan).

Behind all of them lies the manoeuvres of other imperialist powers. In Chechnya and Dagestan the Saudi's are arming the anti-Moscow resistance led by the Islamic fundamentalist Shamil Basaev with the tacit support of the USA. However the NATO victory in Kosovo has created a backlash against the USA and its allies this summer. As the war in Kosovo began the USA looked to be well on the way to breaking Russian control on its own Caspian and Caucasian borders. The CIS (the Commonwealth of Independent States set up as a successor to the old Soviet Empire) had been reduced to Russia and Kazakhstan. At the same time the CIA had managed to get Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova into an anti Rus-

sian alliance (GUUAM). The western-financed oil pipeline from Baku to Supsa was also completed in April this year breaking for the first time the Russian monopoly on the supply of oil from the Caspian to the Black Sea. A further US-backed pipeline was under negotiation which would take oil from Baku directly to the Turkish port of Ceyhan. This would even easier for the US to control given the fifty year alliance with Turkey is the bedrock of US foreign policy in the region. By fomenting war in Dagestan and Chechnia the US also threatens the viability of the oil pipelines to Russia from Azerbaijan.

But the fate of their fellow Slavs in Serbia during the Kosovo War has undermined the USA's successes in this volatile region. GUUAM has collapsed as first Belarus, Kirghizistan and Tadzhikistan rejoined the CIS. This was shortly followed by the withdrawal of Uzbekistan, Ukraine and Moldova from GUUAM. All three are now in serious discussions to rejoin the CIS. This was the external background to the Russian decision to send troops back to Chechnia (although as we said above the internal imperatives for action are as least as great as the external pressures). This is, of course bad for investment. The US government has found that Azerbaijan International Operating Company (the financial consortium set up by US capital to work with the Azerbaijan government to get investment for the new pipeline to Turkey) is having some doubts about raising the necessary \$4bn for the project (see the *Financial Times* 22.9.99). The US government has even taken the unusual step

of publicly criticising the company's directors for dragging their feet, so central is the project to US domination in the region. However the opening of war and the political instability in the region means that other US businesses are also pulling out. This rare (and perhaps short lived) victory for the Russians has further whipped up nationalist xenophobia inside Russia itself. The working class will be the first victims of the new round of war in Chechnia (just as hundreds have already been the victims of the state-sponsored terrorism which has bombed their flats). 590 died in Russian aerial bombardments in the first week of the conflict and 90,000 have refugees have fled Chechnia.

Towards a generalised class response

The conditions of life are deteriorating to unbelievable levels for workers both in Russia and the other former Soviet states with wages unpaid for months and people able to survive only because of the produce of their vegetable plots. A recent opinion poll showed that 85% would prefer a return to Stalinism to the current situation. They are more likely to get a new form of repressive nationalist regime either led by Luzhov, the Mayor of Moscow, or the red-brown alliance of the former Communist party in tow to the fascists. In this situation it is increasingly urgent for an independent class-line to emerge. Our correspondence with elements (see *Internationalist Communist 17* — available from our address) in the area shows that glimmerings have already reappeared as

the struggle to restore revolutionary Marxism from the layers of Stalinist misrepresentation is already being echoed in political journals and meetings.

Against increasing war and terror we strive to deepen the dialogue with those seeking to build internationalist communism. In the immediate situation the necessary positions must include :-

- No support for nationalist slogans or positions - Greater Russian chauvinism is no better or worse than the nationalisms of the non-Russian bourgeois cliques
- Against the strengthening of the police apparatus
- Opposition to the harassment of racial, ethnic or national minorities by the bourgeois cliques
- No support for any of the Duma factions - Zyuganov's National-Stalinism is a programme for capital
- No participation in the Presidential election - It is a ruling-class charade masking the deepening attacks on the working class
- For the deepening and generalising of struggles by employed and unemployed workers against pauperisation and barbarism
- For the development and strengthening of an Internationalist Communist organisation in the ex-Soviet Union.

KT

Aurora

In recognition of the fact that the issues facing the working class everywhere are increasingly the same, and as an indication of the organisational strengthening of the International Bureau we have decided to publish an international broadsheet in several languages. Our aim is to publish it with the same leading international articles plus others of local or immediate issues for the area/workplace where we distribute them. *Aurora 1* was first published in English aimed at the demonstration against low pay in Newcastle in April. It was subsequently published in Italian and French.

Aurora 2 was mainly aimed at the agitation against the war in Yugoslavia and published at the beginning of June. *Aurora* replaces *Workers Voice* so supporters receive *Aurora* free (if you would like a sample copy send a SAE). *Aurora 3* is now in preparation.

Anyone wishing bundles to distribute should write to the organisation's address. We have been very heartened at the response to the first two issues and would only ask readers to keep sending us their views on it. These will be published in a future edition of RP. *Aurora*

(named after the cruiser which fired the first shots of the October Revolution) has already shown itself to be a useful weapon in the fight against capitalism and its "reformist" apologists. Help us to make it even more powerful ammunition in the struggle for our own emancipation.

Mass Strike in Colombia

The Revolutionary Perspective

At the end of August the main unions (CUT, CGTDC, CTC) were running to keep ahead of a mass strike movement of city and countryside alike. 95% of economic activity was paralysed for two days. In the cities masses of desperate wage workers took to the streets. With the economy in recession — the first six months of 1999 saw a 6% drop in GDP — government announcements to implement an IMF-supervised "adjustment" programme of public spending cuts and a wage freeze were met by direct action.

Background

The eruption of mass class struggle in Colombia this summer is no freak accident. In Latin America as a whole the capitalist crisis is biting with a vengeance. With over 78 million officially living on less than \$1 per day [according to the World Bank], there are almost daily revolts against capitalist exploitation and the political regimes propped up by US imperialism. In Central America, Ecuador, Argentina, Brazil, Chile, Ecuador there is now a situation of continual popular revolt embracing both traditional peasant and indigenous people's movements and the spontaneous rebellion of the proletariat and sub-proletariat. Without a revolutionary programme or organisation of their own, the working class is being sucked into Leftist nationalist movements who are seeking a state capitalist solution to the crisis. These guerrilla bands have nothing in common with working class internationalism or the struggle for communism. With their banner of "anti-imperialism" (by which they mean only anti-US imperialism) and opposition to the IMF [seven countries: Mexico, Brazil, Argentina, Venezuela, Ecuador, Peru and Colombia itself are under the direct control of the IMF] they are an increasing threat to the existing regimes. In particular, the recent success of the Colombian guerrillas — the FARC [Revolutionary Armed Forces of Colombia] and the ELN [National Liberation Army] claim they have pushed out government troops from an area the size of Switzerland — has made them a

reference point for insurrectionary movements throughout Latin America. At a time when the neo-liberal capitalist model has resoundingly failed in the region and with the IMF's "economic liberalisation" programmes leading directly to wage cuts, growing unemployment, increasing hunger and a further erosion of the traditional economy, more and more sections of the population are becoming sympathetic to the nationalist movements of the local bourgeoisie who are seeking to get rid of competition from foreign capital and the strictures of the IMF.

The US is getting worried. Under the smokescreen of "fighting drugs" Washington already makes Colombia the third largest recipient of US military aid, aid which increasingly involves direct military collaboration with the Colombian Army against the guerrillas. As the Colombian government's position became even more tenuous over the summer one of Washington's chief spokesmen on Colombian affairs, the head of the Drug Enforcement Agency, General Barry McCaffrey, responded to the threat to US imperialism by proposing a pan-American "multinational intervention force" to be ready to act, as he put it, in the event of "A national emergency which puts US interests in the region at risk". Needless to say, the plight of Colombia's working masses in itself does not constitute an emergency. It is testimony to the bankruptcy of capitalist democracy that this is the only response the richest and most powerful 'democracy' on earth can make to a crisis born

out of the desperation of the mass of the Colombian population.

We Are the Hungry!

With pittance level wages and virtually no social security, the working masses of Latin America are facing a life or death situation. In Colombia on 31st August they were tired of promises. For 48 hours they tasted working class power. Factories and workplaces were taken over. With the slogan, "We Are the Hungry!", workers expropriated food for themselves. The unions joined force with the government and called for "calm" while the state got together a 250,000 force of the military and police to fire on the "looters". The next day the protests were even more intense and the expropriations continued.

The unions had to find a way of getting the masses to renounce their independent action and get themselves back in control. The union leaders joined a government round table to devise a way of breaking the unity of the masses. The government announced delaying tactics: a month-long "working party" to negotiate the workers' demands and promised international credits and national funds would be used to solve economic problems. Union leader, Tarciso Mora, promptly announced "the Colombian people and workers have won". As usual, the unions are feeding the illusion that capitalism can be reformed so that poverty won't exist. For the bourgeois media, this was all delinquency for they cannot admit there is no solution for the masses.

Despite the absence of a communist alternative at present, the upsurge of mass anger demonstrated the inability of the bourgeoisie's mechanisms of control to put a brake on mass reaction to poverty. Only cooperation between the union leaders and the government prevented the movement from becoming a full-scale revolt. Today there is more need than ever for a revolutionary party to show the masses that there is no solution within capitalism: to urge for the creation of mass class organs; and with a sufficient historical perspective for the massive struggle ahead.

Based on a report from our correspondent in Colombia.

News from North America

In *Revolutionary Perspectives 14* we included material from our US sympathising publications, *Los Angeles Workers' Voice* and *Internationalist Notes* of Wisconsin. The current *Internationalist Notes* (Number 20) contains articles on opposition to the war in Kosovo and a translation from our Italian comrades paper, *Battaglia Comunista*. Entitled "Provincial Hysteria or Preventive Strike" it is a response to an accusation in the bourgeois media that our comrades in Italy are terrorists (largely due to their prominent opposition to the war in Kosovo). We dealt with the theme of state provocations in our article in the last issue "Who is the Hidden Enemy?" but comrades who cannot read Italian can get the full text in English from *Internationalist Notes* by sending a stamped addressed envelope.

RP14 also included a communique from **Internationalist Notes of Canada** which signified their decision to work together with our US sympathisers to create a revolutionary nucleus in North America. We will have more to say on the progress of this project in the coming months. Here we are publishing the latest leaflet put out by *Los Angeles Workers Voice*. The leaflet we published in our last issue, "Why Support a System that Breeds Police Brutality?", is now also available in Spanish.

The Wages System is Legalized Robbery

Wage workers are justifiably concerned and angered about their deteriorating pay, reduced benefits, speed-up of work, accelerated corporate 'downsizings' with their rising layoffs. Meanwhile our rulers, the capitalist class, are laughing all the way to the bank.

The exploitation of workers is growing. This is a fundamental law of the capital-waged labor relationship. Both the Democratic and Republican Parties boast of the amounts of "value added", the gross profits legally stolen through the purchase of the commodity human labor power on their job market. For example a recent New Jersey ad gushes that value added per \$1.00 of wages paid, there is a hefty \$3.76 in profits vs. the national average of \$3.36. (Discussion Bulletin #90, July/Aug, 1998)

When Karl Marx started writing *Capital* in the late 1850's, he exposed the rate of exploitation as being about 100%. Over the years this has grown with technology and today it is near 400%. Waged/salaried workers in production and useful social services today get back only about 20% of the wealth they collectively cre-

ate. This is literally The Greatest Robbery in History! Trillions are heisted from the working class each year via this legal(under capitalism) wage slavery.

Our bosses also collect obscene salaries. In 1998, the top boss/idler got \$575,592.000. The next four honchos got a total of \$644,771.000. The pay of the next 8 parasites totalled \$489,525.000 and the final 7 of the 'top 20' got \$304,316.000. The CEO of an 'average' size corporation got \$10.6 million. This is average of 442% increase just since 1990! Compare this to the average workers pay and benefits which increased just 3.6% in 1998 (not counting inflation!). Even the AFL/CIO admitted that if workers had been getting the same % increases as the bosses, then a worker making \$25,000 in 1994 would be getting \$138,350 today! (Business Week, 4/19/99).

This nightmare reality for workers is in great part due to the AFL/CIO policy of accepting waged slavery and "the brotherhood of capital and labor". Thus the profiteers get to ride us fore and aft whether it is Meany, Kirkland, Sweeney or Trumka heading up the unions and

workers are effectively disenfranchised both on the industrial as well as political field.

To turn the tide, workers must break out of capitals industrial and political jails. New organizations, ones based on class struggle must be built from below, by militant rank and file workers. Allied to this effort and struggle is the construction of a **bonafide Marxist Internationalist Revolutionary Party**.

September 3, 1999

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Iran

From a Revolutionary Perspective

In *Revolutionary Perspectives 13*, in an article entitled "Twenty Years since the Fall of the Shah" we wrote: "Recently there are signs amongst the Iranian working class both in exile and in Iran, that Iran's workers are beginning to assimilate the lessons of 1979¹. The article below is an example of an independent class position in relation to the recent events in Iran. It is translated from **Peyke Anternasionalisti** No.7 (for an introduction to this publication see *Internationalist Communist 17*). The article gives a general picture of recent events and calls on workers to refer to their historical class memories and not to dissolve into the individuals in bourgeois society would like. The article is in line with what PA wrote just after the election. While all the Iranian lefties to some degree saw the election as a step forward and welcomed it, PA in an article called "Alignment Of The Bourgeoisie Against The Intensification Of Class Struggle In Iran" wrote:

None of the Right or the Left wing capitalist parties, except those who had been left out of the secret dealings, hid their cheerfulness over this victory. They repeated the paid bourgeois media lies. They spoke of people's victory and made absurd and stupid statements such as "people's political tactics" or "people's correct evaluation", as if, in the era of decadent capitalism where all the bourgeois factions have reached their dead end, workers can advance by taking part in elections. The victory of Khatami by parliamentary posturing only proved that in the present era, parliamentarism is an indirect oppression of the workers and exploited masses. This victory was the confirmation of two decades of people's massacre in the name of the people. This was the disgrace of all the parliamentarist, modernist right and left wing oppositions."

Since the publication of the article below in *PA*, four student leaders have been sentenced to death.

Student movement

Split in the pro-Khatami Front

Following the intensified quarrel between pro-Khatami (president) and pro-Khamenei (spiritual leader) MPs over the issue of the "Amendments to Press Legislation", a new round of battles within the Islamic ranks has begun.

This legislation was presented to parliament to limit the pro-Khatami forces' press activities. Pro-Khatami parties and organisations objected to the proposed amendments and the two main student organisations later organised a demonstration demanding withdrawal of the proposed amendment and a lifting of the ban on the *Salam* newspaper

The demonstration met with a severe response from the military and semi-military forces faithful to the leader and ended with a number of dead and injured students.

Comment on these events in the worldwide media was unprecedented. During the 80s, when hundreds of thousands of human beings were being massacred by this very regime and with the same reformists in the government at the time, also when the oil workers' demonstration was savagely put down in 1997, these hardly caught the world media's attention.

While these [current] events were taking place, the opposition parties and organisations, including the leftists, spoke of an immediate revolution in Iran and tried to clear the path towards the so-called "revolution" by organizing pickets, petitions and writing letters to the European parliament and to the United Nations.

Background

With a coalition of the late Khomeini's supporters, Rafsanjani's faction and Nationalist parties, Mohammad Khatami took presidential office in 1997. This coalition based its policies on developing a political programme (Rule of Law)

and dialogue between "civilizations" (removing obstacles to improving the relationship with USA and in particular with EU). This was well supported by world capitalism. (See *PA* no 2)

The intensification of the capitalist crisis, together with the failure of Rafsanjani's economic policies and the demise of the eastern bloc, which had highlighted the failure of the state capitalist model, paved the way for this liberal coalition.

Naturally, the success of this coalition could not be assumed without the diversion of the workers' struggle towards the "rule of law". It was for this reason that the "Workers House" and "Islamic Shora" (soviet) with the slogans of implementation of the Labour Law and formation of Trade Unions entered the scene. They even formed a Labour Party. (See *PA* 3,4,5)

The EU supported this coalition, by changing its policy from "Critical dialogue" to "constructive dialogue", their ambassadors who had left Tehran in objection to the Islamic Republic's terrorism now returned to Iran. Big economic contracts such as the one with Total, which caused tension between the USA and the EU, gave some indication of the importance of this coalition in the eyes of world capitalism.

This process was opposed by the state's right wing faction, which has more influence in the Armed Forces, Ministry of Justice, Parliament and State-owned Radio and Television, to the extent that they organised their thugs and semi-military forces (pressure groups) to attack the pro-Khatami meetings so as to stop them making any further advances.

The Student Movement

One of the most important tools for Khatami's Front³ in the battle for power has been two students' organisations. These two organisations acted as pressure groups and called on a number of meetings and gatherings to push back the right wing's attacks. In a few cases these meetings ended up in street fighting such as that of April '98, the demonstration in support of Tehran's mayor and the gathering to protest over the ban on two newspapers and the arrest of their editors.

The protests at these gatherings,

which had Ministers and MPs as speakers, were directed towards the institutions that were controlled by the right wing and their pressure groups. Without exception all these meetings were attacked by semi-military and right wing pressure groups. In fact these events were the reflection of the power struggle which was going on within the state itself.

Recent Events

The root of the recent events must be sought in the pro-Khatami students losing their patience with the continuous attacks on their meetings by the right wing pressure groups and Khatami's agreement with the other main politicians.

The problem started when the right wing tried to curtail the influence of the pro-Khatami press by proposing new legislation. The newspaper *Salam*, one of the influential pro-Khatami papers, printed a confidential letter of top-level members of the security forces regarding the legislation. This put the sponsoring MPs in a very embarrassing situation in parliament. The owner of the paper was convicted and sent to prison with a three year ban on his publishing activity and a five year ban was imposed on the paper itself. This led to demonstrations of angry students, demanding a lifting of the ban on the paper. The demonstration was confronted by the militia and police forces and the attack was extended to the students' residential hall. A number of students were killed and injured. In response to this murderous act a bigger gathering was formed and a

number of representatives from parties and organisations of the pro-Khatami Front and also a number of Ministers appeared at this gathering and supported the students. Following this, students added more demands to their previous one: Controlling and arresting the members of the right wing pressure groups, for example sacking of the Chief of the Armed Forces and the complete transfer of its power to Khatami's government.

The Supreme National Security Council (SNSC) condemned the attack on the students and offered its sympathy to them and those injured. Khamenei also shed crocodile tears over the bloodshed and confirmed the Council's statement. The council's statement and Khamenei's setback gave a new dimension to the two faction's differences. Some of the students believed that their demands — i.e. the retreat of the right wing — had been met and that the students had reached their goals. Some other students, who were not happy with Khatami's approach, that is not relying on "the people", thought that the situation was ready for the final assault. Thus a split appeared in the Khatami Front. Later on the students' activities extended from the universities to the streets and battles with the police continued.

Following this movement and the right wing's loss of control, the SNSC announced that all gatherings and demonstrations were unlawful. Khatami denounced the demonstrators and called them anti-establishment. However at the same time fifteen pro-Khatami parties and organisations tried to call for a gathering in support of the students and condemned the violence so that they could gain control of the situation once again. But with the announcement of a general demonstration by the right wing, Khatami's defenders also joined in, thus the two factions united in oppressing the student movement and a new wave of denunciations, arrests and torture began.

Leftists' Reaction

What all the leftists' positions have in common is the fact that they refer to the student's movement in terms such as, "the revolution on its way", "a living breath of revolution" and "a spectre of revolution". With a huge propaganda campaign and pickets

To our Readers
Dialogue with our readers helps to develop revolutionary theory. Take part in the fight for communism.
Write to us. Ask for our latest leaflets and agitational paper *Aurora*.
We only ask that letters are accompanied by an address to reply to.

abroad they have called on workers and toilers to join the students. This movement is not for the rejection of the established order but is simply the result of the split in the pro-Khatami Front. This can be seen in the slogans, which have been aimed against the right wing and the institutions in their control. The leadership was mainly in the hands of the nationalists and liberals who only seek to establish the "rule of law" and abolish the leader's absolute power.

The victory of this movement, with workers joining it, would only be a jumping-off platform for either of the state factions or at best will only pave the path for another imperialist bourgeois Republic. The programme and slogans determine the nature and essence of any movement, not the form or the size of it. The perspective of revolution can only be realised via an independent workers' movement with its slogans and programme of rejection of the wage slave system. The precondition for arriving at this on a national and international level is tied up with the formation of a world workers' party so that the opening of revolution in one

place could have the support of the international working class.

Workers

We must leave the bourgeois faction fighting for power to themselves. We should not allow the bourgeoisie to massacre us by using the slogans of opposition to despotism and "long live democracy" once again. Khamenei and Khatami's murderous actions should not push us towards some other bourgeois faction. We must refer to our own historical class memories. With the experience of the Shah's rule, the 1979 uprising, and twenty years of torture and massacre, we should not allow another generation of workers to be sacrificed for their ends.

In our struggle we should not use any bourgeois institutions and organs even as a tactical means. We must not respond to the calls of the state institutions or the bourgeois opposition which tries to manipulate our dissatisfaction and dissolve ourselves into a mere mass of individuals in a common bourgeois movement.

We must intensify the class struggle and open up the third front - the front of proletarian internationalism. We must declare our opposition to the whole of the capitalist system by expanding our demands from factory level to national level at workers' gatherings and through our own workers' committee and unification of our own forces. Only by these means and relying on our own power can we come onto the scene as a class.

In every demonstration and any strike, instead of such slogans as "down with dictatorship", "the abolition of the wages system!" should be inscribed on our banner. There is no other way.

S Michaelian

Footnotes

1. Extracted from an article in *Revolutionary Perspectives*, o.d series 1987

2. Workers' Communist Party of Iran's statement

3. In Iran Khatami's Front is known as the 2nd Khordad (third month of the year) Front, the date that he was elected as President.

continued from p.5

From Turkey, Taiwan and Tokaimura ... to Paddington

The Biggest Disaster is Capitalism

he is presiding over a system in which share-holder profit has obliterated safety as an issue. The privatisation of the railways into over 100 different companies in 1995 has created a situation in which competition for passengers outweighs all other considerations. Whilst Railtrack (which has overall responsibility for safety as it runs the tracks and the signalling equipment) sacked workers galore the number of broken lines skyrocketed. However the train operators are no better. There have been over 600 cases of train drivers going through red lights this year. Drivers can explain why.

We are only meant to work 11-hour shifts and then rest after that but many drivers work longer hours...

I have seen cases where the safety of the train is in question and the journey is still allowed to go ahead because the mechanic has given the go-ahead. The

final say should be with the drivers...

Before privatisation we worked a 37-hour week and we had to have a 12-hour break between shifts. My friends who are drivers are now pushed to the limit. In the past we'd refuse to take a train out if safety was in question: now drivers face the sack if they do not get a train out on time, even if the safety equipment isn't working.

All quotations from train drivers or ex-drivers to the *Financial Times* 9.10.99

• The Government has now removed responsibility for safety from Railtrack and seems to be suggesting that it is going to install ATP but no-one has suggested increasing the number of drivers or making it impossible for them to return to the cab before their due rest period is up. If wages were increased (to compensate the loss of hours) and the numbers of drivers went up it would go

against the grain of the capitalist ethic to drive down costs and reduce labour.

The disasters which have taken place around the world over the last few weeks have all been within the compass of human ingenuity to contain or prevent. The root cause is a decaying social system which has the means at hand to make life safer for everyone but which instead is not only increasing the number of preventable "accidents" but is also increasingly impoverishing billions of the world's population in the name of profit. Capitalism has long outlived its usefulness to humanity.

Whither China?

It is ten years since workers and students singing the Internationale were massacred on Tienanmen Square in Beijing. It is twenty years since the beginning of the "reform process", and it is fifty years since the establishment of the People's Republic. The Communist Left has argued ever since Mao's victory on October 1st 1949 that the Chinese Revolution was never socialist but the creation of a new form of state capitalism. Yet for many leftists the myth that Maoism was socialism persists. China is another example of the Stalin-maoist attack on the hopes and aspirations of both the Chinese and international working class.

From its origins in the 1920s the Chinese Communist Party was made up of various factions. The history of Chinese politics over the past seventy odd years has been the dual story of the preponderance of the Mao faction over other competing factions and the suffering of the working class within that. In the course of the revolution which opened with the overthrow of the Manchu dynasty in 1911 the working class in China, particularly in Shanghai and Canton began to play a more and more significant role. The Chinese Communist Party was instructed by the Comintern to form a united front (which was in fact a Popular Front) with the bourgeois Kuomintang (KMT) led by Sun Yat Sen. After the latter's death in 1925 the leadership of the KMT was taken over by the ruthlessly bourgeois Chiang Kai-Shek. He began preparing for an all-out attack on the working class. Chinese Communist leaders saw it coming but remained true to the policy of the Comintern and did not arm the workers or prepare them to fight the KMT. As a result the organised urban proletariat of Shanghai¹ was slaughtered by the minions of Chiang Kai-Shek. For the Communist International it was the final betrayal in a series of attempted accommodations with reactionary forces which had gone back to 1921. It was a betrayal both by the Stalinist Comintern and the Mao faction². This was a total defeat for the working class such as had already been suffered by the workers of

Europe in the aftermath of the First World War. It was a victory for the new bourgeoisie of the Maoist party and their class allies, "progress" at a cost of revolutionary Marxism. This left Mao and his cohorts more easily able to enforce the policies which came to be central to the New Democracy of 1949, the building of a state capitalist nation on the basis of the class confusions of the "bloc of five classes". From 1949 the Chinese working class was continually sacrificed at the altar of the grand Stalinist-informed Chinese model of state capitalism — the Great Leap Forward of the 50s and the Cultural Revolution of the late 60s are the great examples of sacrifice made by workers for the ideological ends of the Chinese bourgeoisie. Millions died in the arrogant stupidity of these schemes which are monuments to Stalinist dictatorship not to socialism.

And so we ask where is China going now?

Many in the major capitalist nations had hoped that the opening up of China, its abandonment of relative isolation from the rest of the world capitalist economy, would bring a new boost to a crisis-ridden capitalist system. The Chinese bourgeoisie would like to be the next great economic superpower. Unfortunately for them wishful thinking, patient gradualism and the starry-eyed wonder of economists and commentators cannot dissolve material reality. A state capitalist command economy with a greater or lesser degree of isolation from the global market is still capitalist. Because we are still in the longest running crisis in the history of capitalism. China has only made the great leap out of the frying pan and into the fire. In the case of China, when Deng Xiaoping said — to be rich is glorious — what he forgot to add was — to be poor is more likely.

The reform process

In *Workers Voice 75* and *Revolutionary Perspectives 6* (both available from our UK address) we gave outlines of the process begun by Deng Xiaoping in the late 70s. The great helmsman is now

gone but the "capitalist road" is still being pursued. In *Workers Voice 75* we looked at what was then called the "socialist market". We must now take up the story and place the last two decades in a fuller perspective.

As was noted then, the Chinese leadership, throughout its history, has been riven by competing leadership factions and regional cliques. In *Workers Voice 75* we talked about the Stalinist Chen Yun, a reluctant reformer, who along with Wang Zhen have disappeared from centre stage. The darlings of the student movement, the arch reformer Hu Yaobang is long since dead and Zhao Ziyang is no longer playing any sort of major role (although of these modernizers Zhu Rongji remains Prime Minister). Between the two factions Li Peng, once Prime Minister has been ousted. At the top remains Jiang Zemin, Deng's designated successor and very much adopting the same sort of role, continuing to balance the various party factions. The old Stalinists have been confined to a few ministries and are essentially out of the picture. The current government remains a balance between the modernizers and those called "bureaucratic socialists". The modernizers, though, have had their zeal tamed in terms of political change, the example of Hu Yaobang being a salutary lesson³.

What remains a problem for the central leadership is the growth of more powerful regional cliques with economic power-bases⁴. Part of the method of Deng's reform process was to attempt gradual change but to create popular allies within the various social classes through each reform step. In the early days of reform the collective farms were gradually turned into smaller leased farms. This created a class of tenant farmers who were allowed to make a profit. It generated both an increase on productivity and a wider base of support for the reforming leadership. Similarly, as the military had their budgets slashed they were allowed to go into business, in effect to replace their state budget by means of profits from production. This has allowed potentially disgruntled gen-

erals to become entrepreneurs and millionaires⁵. In effect they have been allowed to buy themselves off. The basis of this came in the second great stage of reform, up until 1988 as small and light industry was given the chance to retain profits, expand and invest, with share-ownership rights to profits guaranteed by new state laws.

The geographical core of the process has been the coastal strip. The Special Economic Zones are all to be found there — Shenzhen, Zhuhai and Shekou in Guangdong, Hainan island and Xiamen in Fujian. The Free Trade Zones lie in Shanghai, Tianjin, Dalian, Haikou (Hainan) and, of course, Shenzhen. The stock exchanges are based around those in Shenzhen and Shanghai. This emphasis on the coastal strip has left the inland areas of China with less investment and so less meaningful growth. Although these provinces manage higher rates of growth the base from which they are starting is immeasurably more impoverished. There are areas of the hinterland where cave dwelling is still the norm and many families too poor to own more than one set of trousers between them. In contrast the workers of the coastal strip have a significantly higher standard of living — comparable, at times, to workers in South Korea, Singapore and Taiwan. The regional differences were highlighted some years ago when Hunan, bordering on Guangdong (Canton), refused to export its raw materials to Guangdong because of the differences in earnings between the two (Guangdong had incomes at least twice that of Hunan and the Hunanese thought the Cantonese attracted an undue amount of investment).

The "process of reform" has followed this course:

- a form of ownership and so profit-taking was allowed in agriculture, initially quite informally but then sanctioned by the leadership;
- a similar situation was allowed in light and medium industry, both creating a swell of support for the "reforms" and yielding instant productivity benefits for the state;
- a beginning is made in price reform, allowing prices to rise in certain provinces for some commodities, keeping sensitive prices either fixed or allow-

ing only a slow price rise, thus not leading to the rice riots in such places as Indonesia;

- forms of ownership and profit-taking expanded and firmed, with the state taking a lead in directing investment towards export-oriented enterprises;
- foreign capital quickly allowed into the country particularly for export industries in light and medium industry, quite unlike the situation in the ex-USSR and Eastern Europe;
- taxation, shares, bonds and other financial and fiscal means are introduced slowly and at a pace with other reforms so that the economy is not overwhelmed in a "big bang" which is in reality more of an earthquake, avalanche and tidal wave combined;
- Hong Kong, in particular is used as a channel for investment both inwards and outwards, using its own financial expertise to make the best of the flows of capital, being more now a centre of financial and other services these are used allowing the old manufacturing industries to move to Shenzhen where labour costs are appreciably cheaper;
- the guarded creation of stock exchanges, the development of specialised banks and the growth of issues of financial instruments such as bonds in various currencies to attract capital and to redirect savings domestically.

Gradual change, growing unemployment

The above, essentially, gives an outline of the "positive" aspects of the changes pursued by the Chinese ruling class. It has not, though, been plain sailing for the working class. The changes made by the Chinese bourgeoisie have at times been brutal, they would say necessarily so. Of course we all know that there is no ultimately kindly capitalism, state capitalism, reforming or otherwise — the class struggle remains and the fundamental opposition of interests between the classes, the working class and boss class. Thus even though the process of overhaul of Chinese society from command style state capitalism towards market capitalism, via what they have called market socialism, has been gradual it has still left the Chinese working class with a lap full of suffering in one way or another.

For example, as we mentioned in *Workers Voice* 75 in 1988 rural workers were pulled off the land to labour in various construction projects or were tied up in a

variation of self-ownership. The state used forms of IOU to pay these rural workers while the expansion of the infrastructure was underway. Workers were conned into believing that they going to be better off. Unfortunately the funds which should have backed these IOUs were used to pay for the materials and other costs of the rash of hotels and conference facilities for example. The workers were left then having to eat IOUs — the coffers were empty. The construction projects were often left incomplete once the plundered agricultural fund ran dry. The workers attracted off the land became a fluctuating mass of workers wandering away from incredibly poor provinces towards cities and particularly the coastal strip. These "mangliu" or floating workers have numbered around 200 million for some years. All too often they are forced into work which has no protection, no attendant rights or benefits, relatively low pay — or they are rounded up and arrested, moved on, or simply starve.

Similarly, from the very earliest of days the Chinese leadership realised that major changes were needed within the SOEs — the State Owned Enterprises — and not just the massive farm communes and co-operatives. Thus the state has pursued a policy of trying to force such SOEs into shedding as many "superfluous" workers as possible. Some of this has been done by executive means as with the closures a couple of years ago of 22,000 mines with the loss of 15 million jobs. At the time this added to the 52 million officially unemployed. Recently the term "laid off" has been added to the legal vocabulary of China. Those laid off add to those simply sacked or made redundant from loss-making SOEs which have been unable to float further loans from banks (when successful they usually arise out of massive bribes made to local party and bank officials). Earlier this year around 30 million were sacked in an extended wave of "socialist downsizing", in addition around 160 million rural workers are said to be surplus if not under-employed. These workers are now having to be paid something by the state whereas in the past their previous employers paid all benefits. China now has "dole offices" which are regularly scenes of riot or near riot as benefits paid or not paid rise and fall seemingly with the wax and wane of the moon. The official figures of approximately 4% unemployment are widely recognised as being a total fiction



Demonstration in Beijing against the US bombing of the Chinese Embassy in Belgrade

Poverty is on the increase in China as the contrast between classes and regions increases. UNICEF and the World Bank have arrived at a figure of 300 million in desperate circumstances. The decline in the state budget, allowing provinces to gather more taxes, has created a crisis in health care and education. Rural areas are most affected. Schools in rural areas and poor province's budgets are big enough for the wages of the teachers employed and the upkeep of the buildings, but they have nothing for textbooks and other materials. Rural health care workers often do not get paid and in towns generally are paid only 66% of their proper salaries. Parts of China have an infant mortality comparable to Sub-Saharan Africa.

Alongside this there is still endemic corruption. The Three Gorges Project, an attempt to dam the Yangtze River and so prevent the flooding which causes regular costly damage and suffering all the way along its course, gave Zhu Rongji cause to lecture the officials in charge. It has been the case that the sharply rising costs of the project have been caused by large sums being diverted into the hands of the overseeing officials and shoddy work and materials putting the building work in danger.

Buying into global crisis

Two of the major features of the recent changes in the Chinese economy have been the attempts to attract foreign and domestic capital and the banking and other financial instruments to channel that capital investment. Despite the mar-

vellous figures supplied those enamoured of the so-called Chinese miracle, finance capital from around the world 66% of the total foreign capital invested in China has come from the Chinese diaspora, particularly from Taiwan, Hong Kong and other major areas of Chinese emigration (particularly Asia). The point to be made here is that this is not a bottomless pit. The Chinese leadership will always have need of a broad spread of international investment because global capitalism has an unfortunate tendency towards regional crises, crises which could easily severely affect those investors. In fact this investment is now drying up rapidly.

The carriers and channels of that investment have been such bodies as Hong Kong and Taiwanese banks, and domestically the Itics — the International Trust and Investment Corporations. The former were hit by the rolling crisis which hit South East Asia and then the Far East. The latter were designed to attract foreign investment and match it with some domestic investment through the raising of bonds and loans to move into capital and other investments within China. In 1998 one of the flagship Itics, Gitic (Guangdong International Trust and Investment Corporation, investment arm of the provincial government) collapsed after defaulting on \$470 million of debt. Guangdong (Canton) is the richest province of China courtesy of the massive investment made via Hong Kong into such things as the Shenzhen and Shantou SEZs — the powerhouses of modern Chinese export production. But as with all the Itics Gitic was beset

by "bad lending practices", it is estimated that 25% of total lending is bad debt, much of it made as loans to wallowing or drowning SOEs or corrupt local officials for their own projects. Another 240 Itics are in some danger (most provinces have at least one, and they are of varying sizes).

In this setting of generalised distrust of the future, with workers unsure of either reasonable paid work (if there is such a thing) or welfare benefits which will be consistent and regular (as well as more than a starvation wage), workers are turning to savings. These

savings (China has a savings rate higher than even Japan, currently \$713 billion) are being turned towards any financial instrument on offer, from shares to bonds. The over-subscription rate for both is often in thousands of per cent. For many workers it seems to be the only safety net on offer. With such a turn of events the finance ministry is looking to bring in a tax on savings to call a halt to this. It hopes to stimulate consumer spending which has dried up over the last year and aid an ailing state budget creaking under the demands of increasing welfare payments. There are massive commodity surpluses building up throughout the economy, in effect the Chinese economy is deflating like a ripped tyre. Prices have fallen each month since 1997 causing huge worries for China's farmers who cannot get a high enough price for their produce thus potentially alienating one of the major areas of support for the reforming leadership.

With its increasing openness to the world market China has thus become more and more vulnerable to its vagaries. The crisis of Asia, first its south east and then its furthest reaches (particularly Japan with a devalued yen), has finally begun to hit home. 60% of China's exports are to Asian countries, 25% to Japan. The trade surplus, once gargantuan, was nearly 50% down on 1998, with imports increasing as firms import high tech machinery to attempt to fuel growth and profits without "displacing" workers (yet, this must come as the logic of capitalist productivity reaches its con-

clusion, that workers surplus to the needs of an enterprise through more efficient production should be dumped).

If China does not [pursue reforms, as in laying off more workers — CWO], it may get into the same structural inefficiencies that caused so many problems in South East Asia

Yukon Huang, World Bank

China, US, WTO, Hong Kong

From the time of Nixon and Kissinger in the 70s the US has courted China. Initially this was to bring extra military, economic and diplomatic pressure on the then USSR. Since the demise of the Soviet Union and the opening of the process of reform, the US has tried to sponsor China in first GATT (General Agreement on Trade and Tariffs) and then WTO (World Trade Organisation). It hopes that this will give the US a better route into Chinese markets and give the Americans another ally within the WTO. Membership of the WTO would signal China as a full and open participant within global capital. It still has a complex series of walls protecting its economy to some extent, as in its dual currency set up (Renminbi, the domestic currency, and Yuan, the internationally used currency) and the consequential lack of full convertibility of its money. There are still complex rules on foreign investment, mainly to guide capital into exporting and high tech industries, thus fuelling its export drive (creating a previously massive trade surplus).

China has prevaricated endlessly so as to give it time to build an economy which the leadership feel is strong enough to withstand what would be an inevitable invading flood of foreign capital outside of the control of the Chinese leadership. They fear what is the situation in the capitalist periphery, the imperialism of globalisation — the control of huge slices of the economy domestically and in terms of international trade. Thus most recently China was able to make use of the bombing of its Belgrade embassy to rein in the WTO discussions and to assert itself (but not anew) as a world diplomatic (political) power. The arguments over Chinese theft of military and technical secrets have had a similar effect.

The UK government foolishly, via the Patten administration of Hong Kong, thought that it could weaken the hold of

the Chinese leadership over the country via the political model of Hong Kong. Thus it was hoped that British capital could make easy inroads into the Chinese market. The seeming reminiscences of the Opium Wars, the treaty ports and gun boats were stupid in the extreme(4). In the end it cost the UK government more in terms of payments towards infrastructure projects centred on Hong Kong (the bridge and highway to Shenzhen).

The Chinese ruling class expects to fully integrate with the global capitalist market — but it will do so only when it is ready and it feels that it is able (unless, of course, economic disaster forces its hand).

Conclusions

This so-called "reform process" has not been a real change at all, it is merely a move from one "style" of capitalism, an ideologically-led state capitalism with a relatively autarchic economy, to an ideologically-led capitalism with an economy more fully connected to the world market. The Chinese bourgeoisie hopes that it will be able to gorge fully and openly at the so-called banquet of global capitalism. But that banquet is all too likely to be a thin soup and small beer. It is an easy thing for economic commentators to become the cheer-leaders of the Chinese "reforms", the figures and the images of what appears to be a prospering coastal strip are heady reading. But they are only a small part of the picture and ignore the fact that the current Chinese leadership like the Stalinists of old exaggerate growth figures.

China's progressive integration into the world economy will leave it prey to all of the ills of crisis-ridden global capitalism. In some its development already mirrors the global capitalist economy. The emphasis on the development of the coastal provinces has brought huge contrasts in economic development between them and the hinterland. These contrasts are becoming tear lines. The gulf between rich and poor is higher than in the US and is giving rise to more and more social unrest, strikes, riots over benefits, sackings and so on.

The growth that allowed some of these widening divisions to be papered over is slowing markedly.

In short China is has not escaped the capitalist crisis disease, and class struggle continues. *Whither China?* The same way the rest of the capitalist world is going, towards disaster. The only forces that could stop it are the Chinese and international working class. China is in some ways a microcosm of the world so the Chinese working class should play an important role in the next revolutionary wave. But like the rest of the world working class it needs to get itself organised behind a communist programme — this time a genuine one rather than the fake one of Maoism.

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Footnotes

1. In March 1927 the workers based in the Shanghai unions staged an uprising, taking over the city. The Kuo Min Tang armed forces under Chiang Kaishek swept in taking the city from the workers later to slaughter them. This gave Chiang the impetus to declare in April a National Government in Nanjing, outlawing the CCP.

2. There were three original factions during the CCP's early history, those around Cheng Duxiu, reformists advocating gradual change; those around Zhang Guodao, the more orthodox Marxists advocating the dictatorship of the proletariat, opposing cross class united fronts basing all on the Chinese proletariat. It was this core of the party which was slaughtered in Shanghai; those around Mao advocating united fronts with bourgeois parties. By 1935 Mao had managed to defeat each of what were called the three left lines, each of which centred on the party being a working class party and on the proletariat achieving revolution rather than the class-collaborationist line of Mao.

Later factions included those known as the "capitalist roaders", Zhou Enlai was the figure best known to history from this faction, Deng Xiaoping the later leader one of his acolytes.

3. Hu Yaobang died just prior to the Tienanmen events, his death was to say the least suspicious and provided an impetus to the student take-over of the square.

4. It must be said, though, that the emphasis placed on the development of the coastal strip by the current leadership is a remake in certain senses of the imperialist development of the self-same areas of China by the "great powers" when they established "treaty ports" (often, as with the British Opium Wars against China, at the point of a gun). Here the leadership is making use of the vestiges of that old development.

5. In addition to the use of the armed forces directly in production, we must mention the use of prisoners as an extremely cheap source of labour. We cannot, though, supply figures for how many are "employed" nor for the amount they add to GDP.

Sylvia Pankhurst

Labour and the SWP Falsify History

Appropriately enough, during the summer silly season there was a spurt of press reports about Labour Party members, from Gordon Brown to Tony Benn, pushing for a statue of Sylvia Pankhurst to be erected in Trafalgar Square. With the class struggle supposedly dead both Old and New Labour are now ready to bury any hint that the struggle for communism in Britain has ever been anything but labourism or out-and-out Stalinism. Sylvia Pankhurst has had a raw deal from historians. The standard accounts of the suffragettes — the women who flouted the law in their militant campaign for the right to vote — focus almost entirely on her reactionary mother and elder sister who gave up fighting for the vote in their enthusiasm to support the First World War. But if it is true that Sylvia opposed her mother and sister's break with Labour [the ILP] and continued to live and work amongst the working class in London's East End right through and beyond the First World War, it's also true that she **broke** with Labour during that War, although for entirely different reasons. Pankhurst's years in the East End spanned a historical watershed — the end of capitalism as a progressive force for human development [as witnessed by the 1st World War] and the opening up of the real possibility of its revolutionary overthrow by the international working class [above all, with the Russian October Revolution in 1917].

The part played by Labour during the War was an eye-opener for Pankhurst. Not only did the Party go against all its previous anti-war rhetoric and give full support to British imperialism — Labour MPs joined the government's War Cabinet and, along with the unions, supported anti-strike legislation and the draconian measures of the Defence of the Realm Act [DORA] — but Labour MPs applauded the Army's summary execution of the Irish revolutionary

socialist James Connolly after the 1916 Easter Rising. When the Russian working class formed soviets [workers' councils] in their Revolution of 1917 and refused to take any more part in the imperialist war Labour did its best to prevent growing working class opposition to the war in Britain from becoming a threat to the state. Above all, Labour stood against any idea of soviet power, of workers taking over the running of society for themselves. For Labour the gulf between its "socialist" words and its capitalist deeds became a yawning chasm. Pankhurst, however, saw that the struggle for socialism could no longer be mistaken for "improving" capitalism. Socialism could not be legislated into being by a capitalist parliament: it had to be fought for by workers themselves who would have to create their own self-governing bodies. Once the prime aim of her political existence, by 1918 Pankhurst saw that the extension of the right to vote [to include most working class men over twenty-one and women over thirty] would do nothing to change the situation of the working class. In *The Workers' Dreadnought* of 14th December that year she wrote:

We hope for nothing from this election, save that it may serve to spur the workers on to abolish Parliament, the product and instrument of the capitalist system, and to establish in its place Councils of Workers' Delegates, which shall be the executive instruments for creating and maintaining the Socialist community.

In the same article she was scathing about Labour's new constitution [peddled under the title of "Labour and the New Social Order" and including the famous Clause 4] whose "pettifogging reforms will change nothing: they will leave the poor still poor, the rich still rich".

When every one of those resolutions has

been enacted, still we shall have with us men and women dwarfed in every faculty by chronic want: the class that is lectured and patronised, written about and legislated for, and for whom charities are arranged, the parents, whose children it is said to be necessary to "protect" from their "ignorance". [Labour's] new social order will neither empty the prisons, which are filled by poverty's crimes, nor deprive the rich Theosophists of the opportunity to develop the gentler side of their natures by visiting the slums...

Sounds familiar? Over eighty years on some readers might be surprised to find how remarkably similar Old and New Labour really are. The only difference is that yesterday Pankhurst could describe Labour leaders as "unconscious lackeys of the capitalist system". Today they are undoubtedly its most conscious defenders.

In any case Pankhurst's scorn for the Labour leadership and its capitalist policies over eighty years ago make Labour's claim to her heritage today nothing more than silly. This hasn't stopped the SWP [Socialist Workers Party] from jumping on the same Sylvia Pankhurst-as-Labour-icon bandwagon.¹ After all they are attempting to claim the political space just vacated by the Labour Left.

Unlike Labour, the SWP does claim to be revolutionary and their political platform — of "revolution not reform" and "no parliamentary road" does at first seem to be following the same political path as Pankhurst in her revolutionary years. The SWP do give Pankhurst credit for being one of the first to welcome the Russian Revolution and for setting up the People's Russian Information Bureau. But like all sophisticated distortions of history, its real significance lies in what is NOT mentioned. Notably, *Socialist Worker* fails to inform

its readers of what Pankhurst the revolutionary was most famous for: her clash with Lenin about whether the yet-to-be-formed Communist Party should work in parliament and affiliate with the Labour Party.

Pankhurst was among the first in Britain to align with the 3rd International. She accepted the call at its first Congress for revolutionary workers to make a clean break with all wings of social democracy [the "social chauvinists" and the "Centrists"] who had sold out the interests of the working class. In Britain this clearly meant that the Communist Party should have no organisational or political links with Labour. As for work in parliament, the first [and second] Congress of the International made it clear that this should be secondary to everything else and in any case would not be the old-style parliamentarism but simply a means of propagating communist ideas to a wider working class audience [revolutionary parliamentarism]. On this basis Pankhurst went ahead with discussions with other groups towards the formation of a Communist Party in Britain. At first she had the full support of Lenin and the International and was responsible for the first few issues of its journal, *Communist International* in 1919-20. But by 1920, with the Bolsheviks desperate to see a successful revolution in Europe to break the isolation of the Russian working class, Lenin began to be worried about revolutionaries losing touch with the masses. Unwisely, he interfered in the communist unity negotiations going on in Britain. He was persuaded that affiliation with Labour would give Communists access to wider layers of the working class without losing political autonomy. He ignored the objections of people like Pankhurst that concentration on parliamentary activity was a recipe for the old-style reformism to predominate in the new Party. When the Communist Party of Great Britain eventually came into being some of the best revolutionaries in Britain couldn't stomach joining it because it was so unrevolutionary. By now Lenin had diagnosed Pankhurst as amongst those suffering from "left-wing childishness" and he broadcast a radio message to Britain recommending that her group join the new Party. For the most part they did. Despite her reservations, so did Pankhurst only to be expelled for insisting that she keep the editorship of

the paper she had founded, *Workers Dreadnought* as an outlet for left-wing communist ideas. There are rights and wrongs on both sides here but there is no denying what Sylvia Pankhurst stood for. In her own words, she told the Communist Party:

Let there be no mistake: I am expelled for desiring freedom of propaganda for the Left Wing Communists, who oppose all compromise and seek to hasten faster and more directly onward to Communism.

Socialist Worker makes no mention of Pankhurst being expelled from the CPGB, much less of her subsequent political work outside of it. From 1921 until 1924, when she ceased revolutionary activity, Pankhurst held to a clear communist goal in the face of the retreat of the working class movement and the increasing hold of the counter-revolution in Russia. She joined with the German and Dutch Left communists who rashly tried to set up an alternative Communist Workers' International [KAI] and formed the Communist Workers Party in Britain which tried to counter the increasing reformism of the official CP but which did not survive. Revolutionaries today do not have to agree with everything Pankhurst did to recognise that, while it lasted, *Workers Dreadnought* valiantly published articles from workers and communists inside and outside Russia who were critical of what was happening there.²

Pankhurst was not a theoretician nor well-schooled in Marxism but she had a clear vision of communism. Unlike the SWP she understood that state capitalism not only was not socialism but it was also anti-socialist. She understood the difference between socialism and nationalisation and, unlike the SWP, saw that one does not lead to the other. Socialism is a fundamentally different mode of production in which ordinary workers control and manage both production and the political decisions which accompany it. She learnt from experience that "reforms" had become no more than a means for capitalism to tighten its hold over the working class. Over eighty years ago she knew better than the SWP that the Labour Party represented the interests of capital against the working class.

If the SWP were really following in the

footsteps of Sylvia Pankhurst they would not just be condemning Blair and his cronies — who they urged workers to support in the last election — but they would be clearly condemning the Labour Party for what it is: a party against the working class. They would be breaking with the whole gamut of modern-day labourist reformism which lulls workers into thinking that a bit of legislation here or there will somehow make capitalism "fairer" or more just. The SWP cannot have it both ways. It cannot be both for demanding "improvements" to capitalism and at the same time be for its overthrow. It cannot identify with Sylvia Pankhurst the revolutionary and at the same time deny the communist tradition of which she is part. That tradition is the Communist Left — a tradition the SWP would like to wipe out of history and which it has a policy of pretending does not exist today.

The article by Sylvia Pankhurst which follows appeared in one of the last issues of *Workers' Dreadnought*, on 31st May 1924. It was the introduction to an appeal by a communist opposition group in Russia, Miasnikov's Workers' Group. Miasnikov had been expelled from the Bolshevik Party in 1922 when his group, along with Kollontai and Shliapnikov's Workers Opposition, had been condemned for factionalism at the Party Congress. As the Bolshevik Party became the organ for administering state capitalism in Russia the "Old Bolsheviks" who tried to hold on to its original revolutionary aims and stand up for workers' interests were gradually eliminated. With no support from the Executive of the Comintern which was now under the control of Moscow, *Workers' Dreadnought* was one of the few communist platforms left for proletarian groups in Russia to turn to. Pankhurst's article shows that, unlike the SWP today, she understood that state capitalism is not a step towards socialism. On the contrary, she makes it clear that under NEP the Russian working class were already worse off than in "countries where the workers have not recently shown their capacity to rebel with effect".

ER

1 For example "What Sylvia Pankhurst Stood For", a book review in *Socialist Worker* 21.8.99.

2 A review article on Sylvia Pankhurst outlining our own criticisms will shortly be published in the next issue of *Internationalist Communist*, available from the CWO address.

Capitalism or Communism for Russia?

From Workers' Dreadnought,

The appeal which we publish on our front page from the Workers' Group of Russia, reveals the struggle still continuing there between the opposing ideals of capitalism and communism. Capitalism is still in the ascendant. In Russia, the cue of its protagonists is no longer to sing the praises of private enterprise and the right of every man to do as he likes with his own. They pose now as the prophets of centralised efficiency, trustification, State control, and the discipline of the proletariat in the interests of increased production.

The Communist advocates of the New Economic Policy (NEP) of intensified capitalism explain their lapse from principle by the plea that Russia must be developed by capitalism before she will be fitted for Communism. They hope to keep the teeth and claws of capitalism to reasonable proportions. The non-Communist manipulators of the NEP are working in an element which habit has made appear to them the only natural and possible state of affairs. They are growing in power and numbers and will passionately adhere to their own post-revolutionary acquisitions. To the dominant class it is always easier to maintain things as they are and proceed by the old methods than to forge new ones. The result is that the Russian workers remain wage slaves, and very poor ones, working, not from free will, but under compulsion of economic need, and kept in their subordinate position by a State coercion which is more pronounced than in the countries where the workers have not recently shown their capacity to rebel with effect.

In spite of the NEP and the advocates of State capitalisation and trustification, however, the urge towards free and complete Communism is not dead in Russia as is evidenced by the existence of the Workers' Group and other Left Wing



Sylvia Pankhurst speaking in Manchester bodies.

The Left Wing bodies, both consciously and doubtless also unconsciously to a certain extent, are forces working towards the disintegration of capitalism and all its methods. They are working towards the creation of a new system in which instead of society being maintained under the control of a centralised directorate imposing its will by economic compulsion and backed by force of arms, social needs will be met by self-motivating units co-operating for mutual ends.

Those who, professing the Communist faith, yet fail to recognise this part which the Left Wing bodies are destined to play in the evolutionary process are apt to regard with regret the very existence of a Left Wing movement. In Russia such superficial observers complain that Left-Wing activities will arouse discontent with present conditions, and so, perhaps, hinder the growth of production and cause various troubles by upsetting the disciplined acceptance by the workers of the directing authorities.

In the same manner the educationalists who have sought to awaken the

31st May 1924

pupils' own initiative and to institute self government and pupils' organisation of the curriculum in the schools, have been met with objections that order has been replaced by chaos and that the ratio of knowledge acquired by the pupils has been grievously reduced.

The educational pioneers have persevered in spite of discouragement and have been able to produce schools in which the pupils are able to maintain a more fruitful and harmonious order than that which the old schools imposed from above. They have been able to demonstrate by results that the knowledge which they have stimulated their pupils to acquire for themselves becomes a permanent possession and part of the personality.

So it will be with the ideals of those who are working for the complete emancipation of the race from economic subjection and the authoritarianism that accompanies it.

Many Communists outside Russia object to the searchlight of fact being turned upon Soviet Russia by their fellow Communists. They desire to have it appear that everything is perfect there. They imagine it to be bad propaganda to admit frankly the failures and shortcomings in the land of revolution and to criticise the methods and expedients resorted to by those who have secured the power. Their objections are short sighted, for after all, what we desire to vindicate and to achieve is Communism itself and not the policy or position of any party.

If we pretend that the present regime in Russia is Communism, is actually the sort of life towards which we are striving, those who observe its shortcomings will naturally tell us that our ideal is a very faulty one.

On Rosa Luxemburg's Economics

Dear Comrades

This is a response to your article "The Unsurmountable Contradictions of the CCP's Economic Theory" in Revolutionary Perspectives 13. You correctly asserted that

our task is to build a nucleus of communists around the planet who can demonstrate that communism is materially necessary, that capitalism cannot be made an ethical system or tamed to suit the needs of humanity.

You are right in emphasising that *analysis (or rather the deepening of the clarity of analysis) is thus the bedrock of the future communist programme.*

I think this constitutes the basis of the unity of the political organisation of the proletarian milieu and with this communist goal in view polemics and sharp criticism amongst these organisations are indispensable for further clarification of proletarian politics and political convergence among them. This will in turn serve as the solid foundation of the future world communist party

In this article you have written,

according to Luxemburg by expanding production into non-capitalist areas to create new markets

capitalism can get out of the crisis. But according to you "this is palpable nonsense". I fail to understand why you have called this Rosa's palpable nonsense. You have said capitalism has to have capitalist markets. Why should it have capitalist markets only? I think it bothers little about the source of money with which its commodities are bought. In India we can see the not-so-insignificant market provided by the agricultural and hand-craft sectors to capitalist goods. The Maoist fraction of the left of capital emphasises particularly on breaking the concentration of land in a few hands in the rural areas and its distribution among poor landless peasants and agricultural workers as a

means for giving a special new life to indigenous industry. The World Bank is also sanctioning special loans to small and marginal farmers. In the recent past the market for tractors, diesel pump sets, electric motors, threshing and spraying machines, fertiliser, pesticides and other pesticides has increased significantly

The National Council of Applied Economic Research of India report points out that higher rural demand resulting from good agricultural performance is expected to be the main pillar supporting industrial growth

[taken from *The Statesman*, an important capitalist newspaper]

According to another report of the Chamber of Commerce and Industry in India

It is the agricultural sector which contributes significantly to the GDP growth and generates demand for goods and services.

You have said "capitalism can expand its market". Of course, capital can but can it expand its market as much as it needs for the realisation of the total social product of capital? No clear answer is provided by this article

According to Marx

The circulation of commodities is the starting point of capital. The production of commodities, their circulation and that more developed form of circulation called commerce; these form the historical groundwork from which it rises. The modern history of capital (not the era of the domination of capital or the capitalist mode of production) dates from the creation in the sixteenth century of a world-embracing commerce and a world-embracing market.

[Capital Vol. I p 146, Progress Publishers, Moscow 1965]

So capital came out of the womb of the pre-capitalist mode of commodity production exchange and world-embracing commerce and market. So it

is quite natural that this new-born capital and capitalist mode of production and commodity exchange which etc. etc. interact with the very pre-capitalist surroundings from which it came into being. This interaction cannot but have a vital role in the development of capital. The dynamics of capital is determined by both the internal interconnections and contradictions of capital and the evolving surroundings

Let us have a close look at these internal interconnections and contradictions of capital and its evolving surroundings

The characteristics of the capitalist mode of production are

i) internal competition ii) capital cannot give the workers more than a certain minimum that permits the capitalists to extract a maximum amount of surplus value iii) capitalists will not consume the whole portion of the surplus value left after deductions for interest, rent, state taxes etc. iv) capitalists must resort to further accumulation and enlarged reproduction v) all capitalist products have to be realised in the market. Capital must begin every cycle of its life process in the market and end also in the market. Thus the market is the origin and the ultimate destination of capital and the production process is its nursery.

Let us now see the relation of capital with various elements of the market in some detail

Let us suppose each capital factor throws a value M into the market for productive purposes and withdraws a value $M + \Delta M$ from the market. Each capitalist factor throws at the same time a value C_n into the market. This accounts for the consumption needs of the capitalists, their hangers on and all sorts of state machinery personnel. The total value thrown into the market by all capitalist factors thus becomes $(M + \Delta M) + \Sigma C_n$

But this is not the total value in the

market. The total value in the market at any time is $YM + Cn + Yb$. Yb is the value in the hands of those linked with the pre-capitalist modes of production. Value withdrawn from the market by all capitalist factions so $YM + Y\Delta M$. $YM + Y\Delta M$ must be greater than $YM + YCn$ as the capitalist class will never consume the whole surplus value. So the whole capitalist product cannot be consumed within the circuit consisting of the capitalist class, its hangers on, state machinery personnel and workers. For the realisation of the whole value $YM + Y\Delta M$, Yb is thus very important.

When $YM + Y\Delta M \ll YM + YCn + Yb$ there can be no problem of realisation of the whole value of capitalist products. Capitalism can expand and flourish as fast as it is able to grow.

But when $YM + Y\Delta M > YM + YCn + Yb$ decline or decadence of capitalism begins.

Thus impelled by the need for ever larger outlets for its products, the bourgeoisie invaded the whole surface of the globe.

the low price of its goods was the heavy artillery with which it demolished all the walls of China.

These larger outlets throughout the whole surface of the globe were, of course, pre-capitalist markets as capital conquered and established itself in the whole world. This sector of pre-capitalist commodity production shrunk to such an extent that it became insufficient for the needs of the further expansion of capital. Capitalism entered the phase of decadence and permanent crisis historically.

From 1900 to 1940 the importance of the colonial markets continued to grow statistically. In 1938 the markets accounted for about 29% of world exports and about 26% of world imports. A considerable proportion of this must have been pre-capitalist markets.

It is, of course, true that internal competition leads inevitably to the higher values of the ratio of constant to variable capital which in "turn tells upon the rate of profit." There is always the tendency for the falling rate of profit. But this tendency can be offset "by expanding into new markets" or by increasing the volume of production. The tendency becomes reality in a relatively

saturated market when it no longer can be offset by expanding into new markets or increasing the volume of its production. The latter, of course, the falling rate of profit is the "most important law from the historical standpoint" and so is really effective in the historical conditions of relative saturation of the world market. Thus the phenomenon of the falling rate of profit and the saturation of markets are dialectically related to each other.

Both these are results of the internal interconnections and contradictions of capital and their interaction with the capitalist and pre-capitalist market.

Capitalism is a scarcity-based mode of production. Its mode of production, exchange and distribution are compatible with the conditions of overall social scarcity. But as the very dynamics of capital pushed forward by the law of value creates the conditions of abundance, the mode of exchange and distribution of capital becomes totally incompatible with these new material conditions. Productive forces are now really revolting against the relations and conditions of production. The division of the world into so many nation-states defending the national fractions of capital and trying to regulate the operation of the law of value and international trade has also become incompatible with the state of development of the productive forces. This fundamental contradiction is manifested both through the falling rate of profit and the saturation of the market.

Capitalism cannot but further develop the productive forces. But its relations of production have become too narrow for the productive forces and their further development. This is the insurmountable contradiction which capitalist society has been caught in. It has no escape, no way out.

The World Proletarian Revolution putting and end to capitalist relations of production and thus liberating the productive forces from their capitalist fetters is the only way out of the endless swamp of poverty, misery and unemployment, famine, pestilence, bloody conflicts, decomposition of social relations and increasing barbarism in which the whole of society is bogged down.

Comradely greetings

K

Rosa Luxemburg and the markets question

Our article on the insurmountable Contradictions of the CCC's Economic Theory was prompted by a reiteration of the International Communist Current's claim that the theories of Marx and Luxemburg can be reconciled (see *World Revolution 218*). We think this is seriously misleading. We have constantly demonstrated over twenty years that it is possible to have a theory which shows that capital's crisis is caused by the "poverty and restricted consumption" of the working class (*Marx Capital Vol. I*) but this is not the same as saying that "third buyers" outside the capital-wage labour relationship are necessary for capital accumulation to continue. Marx wrote a whole volume on the circuit of commodities under capitalism (edited by Engels into *Capital Vol. II*) which demonstrated no more than the manner in which this occurred. Rosa Luxemburg specifically and directly rejected this and stated unambiguously that Marx had made a mistake. The mistake was Luxemburg's. By 1913 (when she wrote *The Accumulation of Capital*) she had lost her understanding of how the law of value operated. Marx saw that capitalism accumulated in cycles and that at the outset of the cycle the law of value operated to boost capital accumulation but that every so often the same law of value led to a decline in the rate of profit and to an overproduction of commodities within the capitalist system. This led to crises and the devaluation of capital. Weaker capitals collapsed or were taken over by rivals and a new round of accumulation began on the basis of the new capital values. The fall in the rate of profit produces stagnation and crisis at periodic intervals.

You don't say what you think about Marx's ideas but focus on defending

Rosa Luxemburg. You start by saying that you do not understand how we can call Luxemburg's theory of finding buyers outside the capital-wage labour relationship "palpable nonsense" and state that this "bothers little about the source of the money with which the commodities are bought". On the contrary this is the heart of our argument. In *Capital* Vol. III Marx talks about capitalism expanding via the "outlying areas of production". Luxemburg says this was a slip of the pen. Marx must have meant "the outlying fields of consumption"! But there is no error here. Capital constantly expands by taking products from pre-capitalist areas and converting them into capital when they are valorised within the original capitalist centres. Pre-capitalist economies have no true money capital to realise anything unless you think cowry shells and the like are money. It is true that capitalism starts with **mercantile capital** (which is what Marx was referring to in the quotation you give from Vol. I p.146 of *Capital* realised by buying cheap and selling dear. But the final act of selling is **inside** the capitalist money economy. And this is what is odd about your statement about the agricultural sector in India. You seem to think this is still pre-capitalist. There might be semi-feudal social relations in the villages but they exist in a global capitalist economy (see article on *Rotten Food in a Decaying System in Revolutionary Perspectives 14*) and are part of the money economy. When the subsistence peasant gets money he is dragged into the capitalist money system. But the tiny debts of the peasant (in fact to the moneylender) are hardly the market for realising surplus value that Luxemburgists dream it is. The fact that the Indian Government now expects them to become consumers (apart from their ideological optimism!) only underlines this. If you think that there are still significant pre-capitalist enclaves in the world then you are at variance not only with the IBRP but with the ICC (unless we have misunderstood the ICC!). For the ICC the virtue of Luxemburg is that she states that capitalism has absorbed all pre-capitalist enclaves as markets by 1914 and thus capitalism is a decadent social system.

Rosa Luxemburg always seems to equate the mercantile stage of capitalism (when capitalist production methods were not dominant even in Europe) with the whole development of capitalism throughout the

nineteenth century and with the growth of imperialism as capitalism entered the monopoly period of its development.

Furthermore, if you look at the examples Luxemburg gives showing how capitalism expanded in North America or Southern Africa they do not prove that the settlers found pre-capitalist markets there. They forcibly massacred local populations to take their land in order to sell commodities on the world capitalist market (unless you think trading guns and whisky to North American indigenous people was really an act of commerce rather than part of a policy of genocide?). It is only after the forcible destruction of the pre-capitalist economies that these places become capitalist markets.

Luxemburg never did understand the question of where the money came from.

The flaw in Marx's analysis is, in our opinion, the misguided formulation as a mere question as 'the source of money' whereas the real issue is the effective demand, the use made of goods, not the source of money which is paid for them.

The Accumulation of Capital p.155

Luxemburg is here misrepresenting Marx. He is not interested in where the money comes from in order to **realise** surplus value at this point in his analysis but where money comes from in order to realise the total of commodity values. He states this clearly enough

The only assumption essential here, that in general there is money enough for the exchange of the various elements of the mass of the annual reproduction, is not affected in any way by the fact that a portion of the commodity-value consists of surplus-value The question is therefore only: Where does the money come from to make possible the exchange of this total of commodity values. It is not at all where does the money come from in order to turn the surplus-value into money.

Capital Vol. II pp.477-8

Marx was thus at the time only asking where does the money material come from and thus his answer is simple enough. It comes from the capitalists of the gold industry. Because she does not understand Marx's question, Luxemburg treats his answer with scorn. Instead she quotes with glee Marx's later words that

Money itself is not an element of real reproduction

op. cit. p.494

Money itself is not an element of real reproduction because it neither creates new value nor is used up in the process of accumulation. Money is merely a necessary form commodities take in the process of circulation. For Marx money was "the common whore of mankind" (*Capital* Vol. I p.113, quoting Shakespeare) and therefore the same money could be used several times to effect a number of different transactions.

the vehicle not only of its actual value but its ten-fold value, because it is turned over ten times a day, realised ten different commodity values.

Capital Vol. II p.494

Luxemburg, by contrast, thought all commodities had to be covered by the production of an equal value of gold - a condition which actually did exist until the end of the seventeenth century when paper money became the standard of exchange. Once again Luxemburg seems to have a picture of a capitalism confined only to its mercantile period. In the end her question is really the one about "effective demand". It is no surprise that various Keynesians from Joan Robinson to Fritz Sternberg have found Luxemburg's theories attractive. Luxemburg's answer to the problem of effective demand is "third buyers" who are neither capitalists nor workers and therefore lie outside the capitalist mode of production. But there were still paralysing crises of accumulation in the nineteenth century when such non-capitalist strata existed in abundance. In truth it is the shift in value relations caused by the rising organic composition of capital which can alone explain why capitalism does have cycles. The Luxemburgist view is that there has been no growth of production in the last 80 years but this is empirically obviously untrue. The period 1945-65 saw the greatest expansion of capitalism ever seen. Today we have been living through the longest period of stagnation in capitalist history. These different phases cannot be explained by the appearance and disappearance of non-capitalist strata but by the shift in value relations as the previous period of boom created the conditions for the current period of bust.

When we received your letter we thought we might have to go into the question of the relations between Department 1 (producer goods) and

Department 2 (consumer goods) since you presented us with some symbols. However we find that your symbols are purely arbitrary since you merely use them to diagrammatically illustrate your argument. As we do not accept your premise that there are pre-capitalist people in "Yb" who hold capital we have no need to answer your diagrams. We do however need to answer your empirical assertion that

From 1900 to 1940 the importance of colonial markets continued to grow statistically.

Where do you get the figures for this assertion? The figure you do cite could include capital exports (usually the bourgeois sources we have to rely on make no distinction between capital and commodity exports). As for the figure on imports this is because these areas supplied raw materials (including oil) - it is hardly a confirmation of the thesis that expanded reproduction is dependent on pre-capitalist markets. Rather, it is

dependent on new sources of cheap labour and raw materials to lower the organic composition of capital. Your final statement that some of this trade must have to people who "must have been pre-capitalist" is not very convincing. We suggest almost none would have been in this period and that in any case pre-capitalist producers would have been more significant than pre-capitalist buyers.

Your final paragraphs are correct apart from your repetition of the ICC mantra that

The fundamental contradiction is manifested both through the falling rate of profit and the saturation of markets.

The law of the tendency of the rate of profit to fall is the underlying scientific explanation of why the crisis occurs periodically in the capitalist accumulation process. The lack of markets (in fact they tend to shrink in these crises rather than stagnate) is actually only one of the

phenomena (another is unemployment) which "manifest themselves" as a result of the operation of the law. As we said in the original article addressed to the ICC, it is possible to say that in the last resort all real crises are caused by the "poverty and restricted consumption of the masses" (as Marx states in *Capital* Vol III) but that is something internal to capitalism today. It is not due to a lack of third buyers and it is either dishonest or stupid of the ICC to pretend otherwise. The task for us now is not to simply repeat chiliastic formulae but to analyse with the tools of Marxism what is really going on in the current crisis. You seem to recognise this but to achieve it you must first break from the erroneous economic schemes of Rosa Luxemburg.

Internationalist greetings

J
for the CWO

Revolutionary Perspectives

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